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Weekend

Taking liberties with the public interest

Anne-Sophie Mutter: from Wunderkind to Wonderwoman

Page I Page VI

150

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FINANCIAL TIMES

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Weekend

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The undisputed heavyweight nice guy

Page XI Page XXII

MARKETS REACT WITH UNDISGUISED GLEE TO LAFONTAINE'S DEPARTURE • TECHNOCRAT CHOSEN AS NEW FINANCE MINISTER

Schröder tightens grip on German coalition

By Ralph Atkins and Frederick Stüdemann in Bonn

Gerhard Schröder, German chancellor, yesterday stamped his authority over his centre-left government, accepting the nomination of party leader and signalling a fresh start in relations with German business after the dramatic resignation of Oskar Lafontaine.

Mr Schröder appointed Hans Eichel, the technocrat prime minister of Hesse, to replace Mr Lafontaine, the mercurial left-winger who quit as finance minister and party leader on Thursday night.

Financial markets reacted with elation to Mr Lafontaine's departure, with Germany's Xetra Dax stockmarket index closing up 5.1 per cent at 5031.06 in the hope of revisions to the government's controversial tax policy. Insurance and utility companies rose particularly strongly.

Mr Schröder is due to visit the UK on Tuesday where he is expected to seek stronger ties

with Tony Blair, the UK prime minister, through the creation of a common pro-business platform for tackling low growth and high unemployment in Europe.

Downing Street has reacted with undisguised glee to the departure of Mr Lafontaine, a constant thorn in Mr Blair's side. Mr Schröder's camp sees an alliance with Mr Blair's "Third Way" as a means for strengthening the case for economic reform in Germany.

Mr Schröder's move to combine the party chairmanship and chancellorship reverses his earlier decision to share power with Mr Lafontaine. The move marks a repeat of the role of Willy Brandt, his SPD predecessor as Chancellor 30 years ago.

Mr Eichel, a tax expert, will only become finance minister after stepping down on April 7 as Hesse prime minister. Until then, Werner Müller, economics minister, will take on the finance minister's responsibilities. Mr Lafontaine's tax legislation, which closes many loopholes enjoyed by

industry without compensating cuts in the main rates, would complete its parliamentary approvals on March 19 as planned, Mr Schröder said.

But changes could follow in a separate reform of corporation tax due to take effect from next year. Mr Schröder said his administration could not afford to be "hostile to business".

The left-wing Mr Lafontaine provided an important bridge between the SPD and its Green party coalition allies. But the two governing parties closed ranks yesterday, with Mr Schröder insisting "the survival of the government, and that includes the coalition, is not in danger".

Rezzo Schlauch, the Green's parliamentary leader, said his party was "determined to continue the coalition" with an emphasis on sending "positive signals to business and companies".

The abruptness of Mr Lafontaine's departure and his refusal to comment publicly left Bonn bewildered yesterday. Even Mr

Schröder had been unable to reach him by telephone.

Aides said he was looking for tax changes that created a "greater dynamism" with significantly lower rates stimulating economic activity and thus increased tax revenues.

Mr Lafontaine had incensed industry with his "socially just" changes pitched largely at workers and families. Industry associations called for a radical rethink of the government's tax plans.

Several of Germany's largest companies have threatened to transfer activities overseas.

Underlining the knock-on effects of Mr Lafontaine's resignation beyond Germany's borders, the Franco-German economic summit, which was due to be held on March 23 in Aix en Provence, has been postponed indefinitely.

Clash of Thunder Gods, Page 2
Editorial Comment, Page 6
Bland, but a relief, Page 7
Lex, Page 24



German chancellor Gerhard Schröder, right, with Hans Eichel, his choice to succeed Oskar Lafontaine as finance minister, at an SPD meeting in Bonn. AP

Yehudi Menuhin dies at 82 in Berlin

By Andrew Clark, chief music critic

The world of music lost an outstanding figure yesterday with the death at the age of 82 of Yehudi Menuhin, one of the last links to the great violin tradition of the 19th century. Lord Menuhin, who died in a Berlin hospital, had been taken ill on a tour of Germany while conducting the Sinfonia Varsovia.

A child prodigy, he gave his first public concert at the age of seven and by his teens was internationally renowned for his brilliant technique and interpretative depth. But Menuhin was much more than a violinist. He used his musical gifts to further his humanitarian view of the world, establishing a voice that was respected far beyond the confines of the music business.

Born in New York of Russian immigrant parents, he was one of the first Jewish artists to visit Germany after the Holocaust. He saw music as a vehicle for peace and reconciliation, and became a tireless campaigner for international understanding.

Menuhin founded the Gstaad music festival in Switzerland and a music school at Stoke d'Abernon in the UK, from which several of today's leading performers benefited, including Nigel Kennedy. He continued his solo career into his sixties, and was equally happy collaborating in the performance of Indian music with Ravi Shankar and jazz with Stéphane Grappelli. He was a staunch advocate of yoga, which he once demonstrated by conducting the Berlin Philharmonic standing on his head.

He settled in the UK in 1959 and became a British citizen in 1965. Among his numerous honours were the Order of Merit and membership of the House of Lords.

Genius who fought prejudice, Page 5
Anne-Sophie Mutter, Weekend FT

Congress demands right to veto China's WTO accession

By Nancy Dunne in Washington

The US administration's policy of "engagement" with China was attacked on Capitol Hill yesterday as senior members of both parties supported legislation allowing Congress to veto China's accession to the World Trade Organisation.

The onslaught was spearheaded by Senator Jesse Helms, Republican chairman of the Senate Foreign Relations committee and Senator Ernest Hollings, the committee's senior Democrat. They circulated a letter urging

Congress to "review any agreement, and all the surrounding negotiations to ensure that it reflects traditional American values while protecting American interests."

Richard Gephardt, House minority leader, has introduced a bill requiring congressional approval of a US-China WTO deal. Forty members have signed. This week it gained the support of Benjamin Gilman, chairman of the House foreign relations committee, and a Republican moderate.

The letter follows reports that

a deal is close on the terms upon which the US would support China's WTO membership.

Legislators appear to believe that by encouraging China's accession to the WTO, Bill Clinton, US president, has taken a step too far when US-China relations are at a low point.

Both Republicans and Democrats are angry about China's worsening human rights record, reports of spying to secure US missile technology, improper technology transfers, the infusion of Chinese money in last year's election and the growing bilateral trade deficit.

The legislation, if passed, could be vetoed by Mr Clinton but it would increase pressure on the administration to take a harder line on Chinese accession to the WTO.

"The contentious US-China issues should be moving toward resolution before any agreement is reached," said Senators Helms and Hollings in their letter. "Unfortunately, that is not currently the case."

The administration took a hard line on China's WTO membership until this year. It now argues that disputes over trade with Bel-

gium can be settled more expeditiously in a multilateral framework. Bilateral pressure on China to improve market access and lower tariffs has produced only rare successes.

Mr Gilman has been pressing the administration to support, at the next annual meeting of the United Nations Commission on Human Rights, a declaration criticising Beijing for human rights abuses in China and Tibet.

The US withheld its support from such a resolution last year in the hope that quiet diplomacy

would achieve more. This year's annual State Department support on human rights found China's record to be worsening.

Mr Clinton this week defended his policy of "engagement" with China. He said it had made possible the signing of international treaties controlling chemical weapons and nuclear testing. It had also restrained China's nuclear sales to Iran, Pakistan and North Korea and had brought cooperation in the Asia economic crisis.

Opening the Gates, Page 7

News General

KLA backs Kosovo peace deal

Military and political commanders of the ethnic Albanian Kosovo Liberation Army (KLA) passed a decision yesterday to sign the west-endrafted peace plan for Kosovo that would give the Serbian province broad autonomy enforced by some 28,000 Nato troops. But Slobodan Milosevic, Yugoslav president, reiterated after meeting Igor Ivanov, Russia's foreign minister, that Belgrade would not accept foreign troops on its territory. International, Page 4

Santer calls fraud report meeting

European Commission president Jacques Santer has called a special session of the body's 20 commissioners to discuss a potentially damaging report on fraud, mismanagement and nepotism within the European Union's executive. Europe, Page 2

BNP chief playing for high stakes

Banque Nationale de Paris head Michel Pébereau faces a testing time in his attempt to merge with Paribas and Société Générale to create France's largest bank. Page 7; Bid spurned, Page 23

Gates makes the connection in China

Microsoft chief Bill Gates is the talk of China after he struck the most ambitious internet deal by a foreign company in the world's most populous market. Page 7

Fighting crime with DNA

America is contemplating creating a DNA databank of all those arrested. Law enforcers hope to use it to make a quantum leap in fighting crime. But the proposal has provoked conflict between law enforcement officials and civil liberties activists. Page 7

News Business

High hopes of 10,000 recede

Hopes were high that the Dow Jones Industrial Average would break through 10,000 in early trading yesterday but after rising to 9,950, the market lost momentum. A profit warning from Dow member Caterpillar and downgraded earnings forecasts for Oracle, the second largest software producer, weighed on sentiment. Support for the bond market came from producer price numbers that showed no signs of inflationary pressures. Bonds, Page 8; Currencies, Page 9; World Markets, Pages 20, 21; London stocks, Page 17; A fairytale ending, Page 8; Lex, Page 24

De Gier quits Warburg after UBS curbs

Hans de Gier, chairman and chief executive of Warburg Dillon Read, resigned from the London-based investment bank following a move by its Swiss parent UBS to curb its risk profile. His departure will be seen as ending attempts by UBS, Europe's biggest bank, to compete with the big US "bulge bracket" investment firms. Page 24; Lex, Page 24; Curtain dropped on traumatic year, Page 23

Microsoft puts focus on customers

Microsoft, the world's biggest software supplier, is restructuring its management team to focus on customer needs. Page 24; Microsoft in China, Page 7

Russian tariffs threaten Ikea expansion

Ikea, the world's largest furniture retailer, warned that plans to build as many as eight superstores in Russia were being jeopardised by customs and import duties. It faces a customs charge of 20-30 per cent of the retail price for products sourced outside the country. Page 24

DuPont in talks with seeds company

DuPont, the US chemicals and life sciences group, is in talks with Pioneer Hi-Bred International, the US genetic seeds company, regarding "a possible business combination". Page 23

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France	1000	1000.00	Sweden	1000	1000.00
Germany	1000	1000.00	Switzerland	1000	1000.00
Italy	1000	1000.00	Taiwan	1000	1000.00
UK	1000	1000.00	USA	1000	1000.00
...

WORLD NEWS

EUROPE

LAFONTAINE'S DEPARTURE: UK AND GERMANY TO PUBLISH REFORM PROSPECTUS OUTLINING JOINT PLANS TO TACKLE LOW GROWTH AND HIGH UNEMPLOYMENT IN EUROPE

Resignation set to boost Bonn-London axis

By Andrew Parker,
Political Correspondent

The forced resignation of Oskar Lafontaine, the leftist German finance minister, is expected to accelerate efforts to strengthen ties between Tony Blair, UK prime minister, and Germany's Chancellor Gerhard Schröder.

In the next month, the UK and German governments will publish a reform prospectus, outlining how the

two governments would like to tackle low growth and high unemployment in the European economy.

Downing Street has made no secret of its delight over Mr Lafontaine's departure, believing it will allow Mr Schröder to make a decisive shift away from the neo-Keynesian policies favoured by Oskar Lafontaine, the former finance minister who resigned on Thursday.

But it will also mark a significant milestone in the Anglo-German relationship that Mr Blair has been keen to strengthen in his drive to increase British influence in the European Union.

The 20-page prospectus, entitled "The Way Forward for Europe's Social Democrats", will flesh out the "third way" in politics, or "neue Mitte", espoused by Mr Blair and Mr Schröder. The declaration will encapsulate Mr Blair's belief that

reform of capital and labour markets is the best basis for creating jobs across the EU, and outline "supply side politics for the left".

It will argue that much European unemployment is structural. "Attempts to reduce the structural component through macroeconomic measures alone without tackling the root causes will be self-defeating," it is expected to say, in an implicit rejection of Mr

Lafontaine's strategy.

The declaration will stress the need for macroeconomic stability, a reference to the need for a stable European single currency.

A London official said: "This document will be significant in that people may look at it and say this marks a shift in the European consensus on how to deal with the twin problems of low growth and high unemployment."

The personal and ideological chemistry between Mr Blair and Mr Schröder is strong. Several of Mr Blair's advisers spent time before the German election last October helping the Social Democratic party model its campaign on Labour's victory of 1997.

The potential confluence of UK and German centre left politics was confirmed in a book last year by Bodo Hombach, German chancellor's minister, entitled *Awakenings: The Politics of The New Centre*. A translation of the book is to be published in the UK with a foreword by Mr Blair.

Mr Blair and Mr Schröder agreed last November to produce the prospectus, but Mr Lafontaine made matters difficult by promoting European tax harmonisation.

Editorial Comment, Page 8
Man in the News, Page 7

Reason minister quit still a mystery

By Ralph Atkins in Bonn

Oskar Lafontaine's final hours as finance minister to Europe's economic powerhouse began with a cabinet meeting in Bonn at 9.30 on Wednesday morning.

Gerhard Schröder, the German chancellor, had chosen the occasion to dress down his colleagues. He warned that the government could not afford to alienate business or the majority of the population. His tone, says Uwe-Karsten Heye, the government spokesman, was "aggressive".

According to Mr Heye, the finance minister was not Mr Schröder's target. In fact, Mr Heye insisted Mr Lafontaine had supported the chancellor's line, although it was the finance minister who had infuriated industry with his tax legislation.

Later on Wednesday, the finance minister and chancellor met, along with Rudolf Scharping, the defence minister, for what Mr Heye described as an "amicable" meeting. There were, he said, no signs that Mr Lafontaine was thinking about resigning.

By Thursday, the German media were speculating that it was Mr Schröder who had threatened to resign. That morning, Mr Lafontaine was in his office, engaged on official business. His last appointment was at lunch time.

The rest, however, is more mystery than history.

At some point after noon, Mr Lafontaine left the Bonn ministry for his native Saarland. He communicated his resignation as finance minister, party chairman and a member of the Bundestag, Germany's lower house of parliament, by letter.

At no point on Thursday did he talk to Mr Schröder, with whom he had worked for years in opposition as well as more recently in government.

Even close advisers were not informed of his decision to resign. He did not waste time clearing his office. His personal effects were still being tidied up yesterday.

Shortly before 6pm, Mr Lafontaine's resignation as finance minister was announced by the federal press ministry. Minutes later, the Social Democratic party announced he was standing down as chairman.

Mr Schröder had made attempts to get hold of him, says Mr Heye, "but these were not successful".

The terse resignation letter, the refusal to speak to Mr Schröder, the hurried flight to his home in Saarland, on the French border—all of these have since stirred the mills of rumour into action.

It was clear Mr Lafontaine was engaged in a power struggle with Mr Schröder. But speculation was rife yesterday that there might have been some quite unrelated cause: perhaps personal pressures, stress, frustration or simple pique.

In Bonn yesterday, no official explanation for Mr Lafontaine's resignation was forthcoming. Mr Schröder refused to "speculate on his motivations".

Asked if anybody in the finance ministry knew why Mr Lafontaine had quit, Torsten Albig, spokesman, said: "No".

Clash of Thunder Gods leads to opportunity to start afresh

Now Lafontaine has gone, Schröder can take up his election promise to create a new political centre, writes Ralph Atkins

After the battle of the Thunder Gods, there was a sweetest in the air in Bonn yesterday.

Oskar Lafontaine's spectacular resignation on Thursday ended a highly charged confrontation between the finance minister and chancellor of Europe's largest economy. Mr Schröder has emerged the clear winner and is now free to start afresh.

Although looking drained yesterday, Mr Schröder was already pushing home his advantage. A series of parliamentary and party meetings had been prepared for the brushing of Mr Lafontaine's brief but brutal contribution from Germany's political scene.

Mr Schröder will take over the party chairmanship himself. In comes Hans Eichel, the four star prime minister of Hesse, central Germany, as his - presumably - loyal finance minister.

Once the immediate sense of crisis has evaporated, the complete downfall of Mr Lafontaine should give Mr Schröder the chance to relaunch his government, to pick up from his election

campaign last year which he won on the idea of creating a new "political centre".

Mr Lafontaine's departure could even have set the stage for a change of tone comparable with the turnaround executed by French President François Mitterrand in 1983, when a full-blooded socialist programme was thrown into reverse in the face of strong rightwing governments in Germany and the UK.

Mr Mitterrand's government had two years in power before executing its *volte face*. Mr Lafontaine conceded that process into little more than four months before his politics met the combined resistance of the European Central Bank and German businesses threatening to relocate abroad.

For now, Mr Schröder is moving carefully. He has pledged "continuity" in policy: that Mr Lafontaine's tax legislation will reach its last parliamentary stage next Friday as planned (although this does not rule out the possibility of amendments). The "super" finance ministry, including departments taken by Mr Lafontaine from

the economics ministry, will not be dismantled immediately.

But the chancellor has emerged with a stronger grip over his party and his coalition allies, the environmentalist Green party. He has a cabinet without obvious heavyweight dissenters. The possible exception - Jürgen Trittin, the Green environment minister - came out the loser this year in a confrontation with Mr Schröder over the pace of a planned withdrawal from nuclear power. It was Mr Trittin, as much as Mr Lafontaine, whom the chancellor had in mind when he warned his cabinet this week against overburdening industry.

Now there will be less resistance to an agenda building on Mr Schröder's campaign promises: deregulation, personal provision to supplement the state pension system, and working with industry to cut unemployment.

The tools are already in place. His "alliance for jobs", bringing together employers, unions and the government, has an institutionalised

form, with a myriad of committees (including on tax policy), under the chancellor.

Mr Schröder has consistently pushed for an internationally competitive tax corporation rate of 35 per cent (compared with rates of 50 per cent or more at present). It was never clear if Mr Lafontaine would accept such a proposal - at least not without recouping the costs from somewhere else. Now it will be the focus of a new tax reform package.

A markedly pro-business agenda would not be easy for the fundamentalist wing of the Greens and traditional Social Democrats to accept - hence Mr Schröder's caution yesterday. Mr Lafontaine's radicalism provided a natural bridge between the SPD left wing and its coalition allies. But there are modern-

ising voices in the Greens too. And the Greens know that Mr Schröder has alternatives as coalition allies.

The market-oriented Free Democratic party, Helmut Kohl's junior coalition ally, is coming increasingly into play. Within hours of Mr Lafontaine's resignation, the government struck a deal with the FDP on reform of the country's 86-year-old nationality laws. The FDP's support should ensure the new citizenship law's approval in the Bundestag, or second chamber representing the 16 federal states, where the governing parties no longer have a majority.

The signs are the Greens will stay put, even if their ideas - such as on withdrawing from nuclear power and reform of citizenship laws - are diluted or blocked.

There are other difficulties

facing the chancellor. Not all the government's problems can be blamed on Mr Lafontaine. In foreign policy, it has been Mr Schröder who has engineered difficulties with European partners, particularly France, over European Union reform. He also backed Mr Lafontaine's ideas on tax harmonisation that so infuriated London. At home, the increasing focus on rebuilding consensus within German society often appears as a policy of muddling through.

Like Mr Lafontaine, the chancellor may find it impossible to combine the jobs of party chairmanship and a senior government post. Mr Kohl was also chairman of his Christian Democratic Union, but the SPD is more rebellious - and Mr Schröder, a former state prime minister in Lower

Saxony, has never been as warmly embraced by the party rank-and-file as Mr Lafontaine. The SPD's youth wing rejected his nomination as party chairman.

But this week, Mr Schröder demonstrated his mastery as a politician. His stand-off with Mr Lafontaine was a textbook showdown. The chancellor was level-headed and cool. He never let frustrations with Mr Lafontaine appear in public, and yesterday he acted the injured man. But he correctly judged just how much leeway to give Mr Lafontaine. In the event, the former finance minister brought about his own downfall.

Few thought it would come to a conclusion so quickly. Now Mr Schröder has the chance to rewrite the script himself.

Business gloomy over Lafontaine legacy

By Uta Harnischfeger in Frankfurt

A day after the resignation of the man known to German industry as "Red Oskar", there was as much caution and lingering bitterness in corporate Germany as any sense of celebration.

Hans Eichel, president of the German industry association, said Mr Lafontaine had caused Germany to lose its good reputation abroad. "Whatever happens hereafter, Mr Lafontaine's orthodox macroeconomic ideas have died once and for all," he said.

"Mr Lafontaine never understood that for a country like Germany, which depends heavily on exports... it is crucial to be internationally competitive," said Martin Wansleben, vice-president of the German machinery industry association.

There was, however, hope that better times were ahead with the appointment of Hans Eichel, the outgoing prime minister of Hesse, as Mr Lafontaine's successor.

Industries in the Hesse region, which includes Frankfurt, were looking for Mr Eichel to continue his style of open dialogue with industry and his support for high-tech industries.

"Hans Eichel has always been a pragmatic and reasonable partner for us and he always showed a lot of understanding for industry's viewpoints," said Jürgen Dormann, chairman of Frankfurt-based German pharmaceutical maker Hoechst.

Highest on the list of industry's priorities, however, is securing changes to the government's tax reforms, which passed through Germany's Lower House of parliament last week and were masterminded by Mr Lafontaine.

It is not clear whether Mr Eichel will be able to deliver on this front. Gerhard Schröder, Germany's chancellor, said yesterday the tax reforms to the upper house would continue as planned, although he added that changes would be possible later.

The chairman of German electronic conglomerate Siemens said he hoped the departure of Mr Lafontaine would lead Bonn to rethink its tax reform proposals. "I would certainly welcome it if one would give a second or third thought to this issue," said Heinrich von Pierer.

There were also hopes that the sharp tone of negotiations between unions and employers would soften. "Not that the finance minister can influence wage talks, but it is the tone that matters," said Mr Wansleben.

Earlier in the year, Mr Lafontaine openly supported unions when they demanded "an end to their modesty" at wage talks, resulting in wage increases of about 4.5 per cent for workers in the metals industry and the public sector.

Most business leaders seemed resigned to the fact that other government policies, such as raising pension taxes to fund pension reform, and the long-term closure of Germany's nuclear power industry, would stay on the agenda.

Santer calls meeting to discuss EU fraud report

By Peter Norman in Brussels

Jacques Santer, president of the European Commission, yesterday announced a special session of the body's 20 commissioners on Monday night, to discuss a potentially damaging report on fraud, mismanagement and nepotism within the European Union's executive.

The meeting of the "college" of commissioners will come just hours after the five-member experts' group delivers its report to Mr Santer and José María Gil-Robles, the president of the European Parliament.

Should the report single out individual commissioners for wrongdoing, Mr Santer will come under heavy pressure from members of the European Parliament to force their resignation.

Alan Donnelly, a British MEP and leader of the European Parliamentary Labour

party, urged Mr Santer to act "on Monday evening" should the report find evidence of "serious mismanagement on the part of individual commissioners".

Pat Cox, president of the European Liberal Democrats, warned this week that parliament would consider new censure motions against the Commission if no consequences were drawn from an adverse report.

The experts' group was appointed late in January as part of a compromise to avert a vote of censure by the parliament that would have forced all 20 commissioners to resign. The panel has since interviewed eight commissioners, including Mr Santer.

His interview with Edith Cresson, the education commissioner at the centre of allegations of fraud and nepotism, lasted 2½ hours. The group also interviewed Man-

uel Marin, a Commission vice-president for external affairs, who like Mrs Cresson was the object of hostile parliamentary resolutions in January.

In addition, the group interviewed Emma Bonino, in charge of the EU's Echo humanitarian programme, at the centre of a mismanagement probe; Erkki Liikanen, the budget, personnel and administration commissioner; João de Deus Pinheiro, the commissioner for relations with Africa, Caribbean and Pacific countries, and Hans Van den Broek, whose responsibilities include the former Soviet Union. Sir Leon Brittan, the commission vice-president, has acted as a "political link" between the committee and the commission.

If the report does name individual commissioners, they will be able to see the relevant passages tomorrow.

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John M. 150

NEWS DIGEST

SURPLUS CUT TO \$3.77BN

Chinese two-month exports fall sharply

China yesterday reported a sharp fall in exports in the first two months of this year and persistent deflation in February, adding to fears about the deteriorating health of the Chinese economy. The figures suggest Beijing's reflationary measures and efforts to boost export competitiveness have as yet failed to ease some of the strains on the Chinese economy.

Exports in January and February fell 10.5 per cent year-on-year to \$22.39bn while imports rose 4.7 per cent to \$18.63bn, producing a trade surplus of \$3.77bn, according to customs figures released in the official media yesterday. China's trade surplus fell by 48 per cent by comparison with the first two months of 1998, when the surplus was \$7.23bn.

The trade figures are likely to fuel discussion about the fate of the Chinese currency, the renminbi. Dai Xianglong, the central bank governor, this week renewed the government's commitment to maintaining the stability of the currency.

Weak consumer confidence, lacklustre industrial demand and overcapacity in most industrial sectors resulted in a further decline in prices. James Harding, Shanghai

VOTING IN SABAH

Mahathir faces election test

Mahathir Mohamad, Malaysia's prime minister, will face his first electoral test this weekend since he provoked an unprecedented backlash against his 18-year rule by sacking Anwar Ibrahim, his deputy and heir apparent. The results from the eastern state of Sabah will show the level of support still commanded by the ruling Barisan Nasional coalition, and, by extension, Dr Mahathir. The 73-year-old Dr Mahathir has campaigned vigorously, making three trips to Sabah in recent weeks, accompanied by Abdullah Ahmad Badawi, his new deputy, and other cabinet members. Although Sabah's elections are usually decided on local issues, political analysts say this year's poll will provide a pointer to the general election that must be held by April 2000.

Mr Anwar has thrown his lot behind the state's main opposition party, the Christian-led Parti Bersatu Sabah. In spite of being jailed, beaten by the chief of police, and put on trial on charges of abusing his power to conceal sexual misdeeds, Mr Anwar commands a large following. Sheila McNulty, Kota Kinabalu

THAI SENATE

Bankruptcy bill passed

The Thai government took big steps towards reforming the country's archaic legal system yesterday when it won a heated battle with the appointed Senate and pushed through landmark bills streamlining bankruptcy and foreclosure procedures.

Pro-government senators defeated by a vote of 127 to 44 amendments to the new bankruptcy bill, which included declaring an amnesty for people who had made personal guarantees on loans and prohibiting bankruptcy action from being taken against debtors who had offered "sufficient" collateral to back their loans.

The amendments had been inserted into a government bill by a vocal minority of conservative senators, who counted among their ranks the country's most high-profile non-paying corporate debtors. Ted Bardacke, Bangkok

ICELANDIC PARLIAMENT

Whaling may be resumed

Iceland could resume commercial whaling next year following a decision by the country's parliament to end a 10-year moratorium on hunting. The parliament in Reykjavik has asked the coalition government, which faces an election campaign in May, to prepare legislation permitting whaling in the country's territorial waters.

The move is likely to provoke strong opposition from environmental and animal welfare groups, which argue that the practice is barbaric.

If legislation is passed, Iceland will join Norway and Japan as one of the world's last remaining whale-hunting nations. The catch is likely to be confined to North Atlantic minke whales, which whalers argue no longer faces extinction and can sustain a limited annual harvest.

Any whales culled will be for domestic consumption only. International trade in whalemeat has been banned by the International Whaling Commission (IWC), although Iceland left the IWC in 1992. Tim Burt, London

CASPIAN SEA PIPELINE

Turkey signs for Turkmen gas

Turkey yesterday signed a preliminary agreement to import natural gas from the former Soviet republic of Turkmenistan via a pipeline to be built under the Caspian Sea and through neighbouring Georgia and Azerbaijan.

The agreement, expected to be finalised by the end of May, is a big step toward resolving the issue of who will buy the gas from the pipeline, which is necessary before banks will lend funds for the ambitious project.

Turkmenistan's government announced last month that PSG, a joint venture of US companies General Electric and Bechtel, would lead the pipeline consortium. The project's total costs have been estimated at \$2bn-\$4bn.

While yesterday's agreement helps resolve one prime obstacle, a host of difficulties remain. Not least of these is the view that Turkey has over-committed itself in gas purchase agreements. In addition, two of Turkmenistan's competitors, Russia and Iran, are trying to block construction of the pipeline under the Caspian Sea by claiming it would be harmful to the environment. Charles Clover, Ashgabat

ROMANIAN RESERVES

Gold may go to Switzerland

Romania's central bank yesterday said it was considering the transfer of the country's gold reserves, valued at \$927m, to the Bank for International Settlements in Switzerland in an effort to safeguard the country against default on its foreign debt payments. The bank said the transfer would allow it to "earn interest" on the reserves and secure "cheap" international loans.

The move comes as the International Monetary Fund is pressing Romania to find ways of servicing its foreign debt payments, which this year amount to some \$2.3bn. The country's official foreign exchange reserves stand at \$1.59bn. Joe Cook, Bucharest

Australian troop alert over East Timor

By Gwen Robinson in Sydney and Sander Thoenes in Jakarta

Australia yesterday said it would double the number of troops in the northern city of Darwin as it welcomed Indonesia's decision to allow East Timorese a direct vote on autonomy. It decision to station a 3,000-strong rapid deployment force around the northern city reflected Canberra's concern about its neighbour's ability to maintain peace.

John Moore, Australian defence minister, said Indonesia's decision, announced at talks with Portugal at the United Nations in New York, was "a very good step" which should reduce the prospect of violence in the troubled territory.

A direct ballot for Timorese, possibly before August, should make the process to autonomy or independence "more peaceful than otherwise", he said.

Mr Moore earlier said the decision to put the armed forces on high alert and expand their combat-readiness was a general response to regional unrest as well as concerns over East Timor. Darwin is one of Australia's closest points to East Timor, in south-eastern Indonesia.

But officials privately said there were also fears about the spread of civil unrest throughout the Indonesian archipelago in the lead-up to the June national elections. In East Timor, food shortages and paramilitary attacks on civilians have fanned concern about further upheavals in the territory before any independence poll.

In neighbouring Papua New Guinea, deteriorating law and order also remained a concern for Canberra, and troops might be needed at any time to evacuate Australians from Port Moresby or parts of Indonesia.

Mr Moore said no decision had been made to commit troops to any international peacekeeping force for East Timor during its transition. But defence officials said they "fully expected" that Australian troops would be involved following the conclusion of a peace deal between Timorese factions.

In Australia yesterday, Jose Ramos Horta, the Timorese independence leader, endorsed Indonesia's decision to allow Timorese a direct vote on the territory's future, but said more than 90 per cent would reject autonomy for independence.

To prepare for the vote, Mr Ramos Horta said that Indonesia should withdraw all troops from East Timor and that the UN should dispatch a monitoring force to prevent East Timorese being intimidated.

Diplomats said the vote would probably include only those residents who were born there or resident before the 1975 invasion, excluding thousands of migrants from Indonesia, meeting a key demand of pro-independence groups.

One western diplomat in Jakarta said Indonesia's agreement to hold a direct ballot eased concern that it might backtrack on its autonomy proposal.

"It won't actually matter," he said. "The Timorese will reject it anyway."

Skills and enterprise drain away as referendum nears

Sander Thoenes reports on hardship as the island approaches a vote on autonomy

East Timor is getting more than a reality check on what independence would look like.

The prospect that Indonesia may annul the 1975 annexation of East Timor before the end of this year, following a vote in which Timorese are expected to reject an offer of autonomy, has sent thousands of non-Timorese packing. As they hold most of the shops, own most of the shops and hold most of the funds, they are taking East Timor's economic infrastructure with them.

The hospital in Dili has not a single surgeon left, only half of the doctors it used to have, and a fraction of the medicine it needs. Some 2,950 of 3,680 state high school teachers have asked for a transfer.

Half the shops have closed and supplies are falling as fewer and fewer ships bring in goods from Indonesia. Bereft of garages or spare parts, public transport is at risk as well.

East Timorese accuse the Indonesian military of encouraging the exodus by blocking food supplies and setting up paramilitary groups, which have killed dozens of pro-independence activists in recent weeks and

sown fear of civil war.

"There is a campaign to make it seem East Timor is not ready for independence," said Arlindo Marcal, preacher at the protest church in Dili. "I don't see any other source of conflict than the military."

This reporter saw five truckloads of Timorese paramilitary under the command of three men of Javanese appearance with military

style crewcuts. Even pro-Indonesian Timorese say the gangs were armed by the Indonesian military.

Diplomats, too, believe at least some of the current hardship in East Timor has been orchestrated by the hardliners in the Indonesian government, part of an effort to persuade liberals in Jakarta, foreign countries and the East Timorese themselves that autonomy would

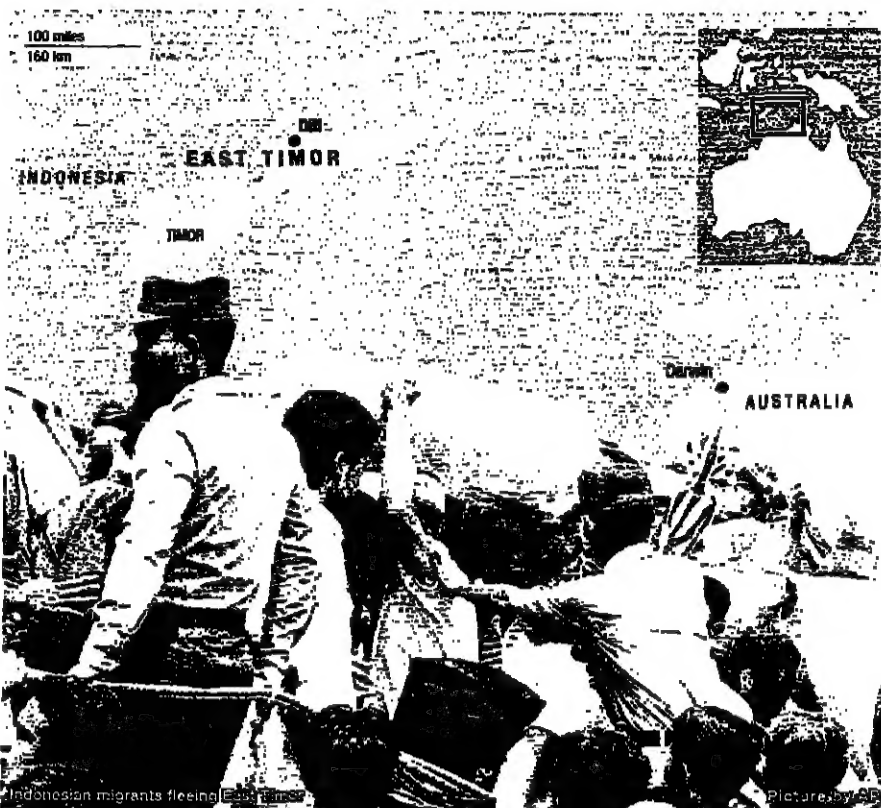
be better than independence. Earlier this week Indonesia delayed its proposal on East Timor's status to the United Nations, raising concern that it had changed its mind on a January pledge to grant independence if an earlier offer of autonomy were rejected. It then suddenly dropped opposition to a direct vote in East Timor on the issue, however, leaving its autonomy proposal

looking rather academic, as most Timorese are expected to opt for independence. However much exaggerated, the exodus underscores the real cost of breaking away from Indonesia. Many migrants said they would leave even if East Timor managed to make a peaceful transition to independence, simply because they risked losing citizenship, civil service pay and, for traders, privileged access to credit and licences that helped keep Timorese marginalised in their own economy.

Many proponents of independence are confident that an offshore oil and gas field, large coffee plantations, marble mines and generous foreign aid would fill that void. "To feed the East Timorese will not be so difficult," says Jose Reis, member of CNRT, an umbrella for East Timorese groups. "East Timor has a lot of potential. And the world won't close its eyes on East Timor."

But the Timor Gap oil and gas field, shared with Australia, remains a dream until significant reserves are found. It is separated from the Timor island by a deep trough, making East Timor less attractive as a support base or processing site.

The military has plundered coffee plantations, marble deposits, teak and sandalwood, and torched large tracks of forest to chase rebels out of hiding. The large coffee plantations have been run into the ground by a company tied to



Indonesian migrants fleeing East Timor

Sown fear of civil war

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SPENDING FAILS TO LIFT PRIVATE ACTIVITY

Tokyo admits recession has grown deeper

By Gillian Triggs and Naoko Nakamase in Tokyo

The Japanese government yesterday admitted that the economy had unexpectedly tumbled deeper into recession late last year. In spite of a record wave of public spending.

Gross domestic product fell by 0.5 per cent between the third and the fourth quarter of 1998, leaving it 3.2 per cent lower than the same period a year ago. This was the fifth consecutive quarter of decline, and brings the annual decline to 2.9 per cent, further evidence of Japan's longest recession since the second world war.

The data presents a bitter blow for Keizo Obuchi, prime minister, who is due to face elections next year. The government had previously insisted that the world's second largest economy would expand at the end of 1998 because of its record ¥24,000bn (\$155bn) stimulus package.

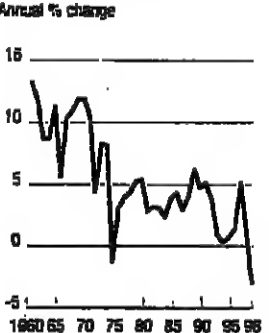
However, yesterday's data showed its traditional Keynesian spending policies had so far failed to boost private activity. Though public investment grew 10.6 per cent between the third and fourth quarter, private consumption fell 0.1 per cent, investment 7.8 per cent and exports 3.4 per cent.

The poor performance is also likely to disappoint foreign investors, since many have sharply increased purchases of Japanese equities in recent days on hopes that the economy would soon rebound. These massive purchases have pushed the stock market to 15,488.86, 10 per cent higher than the level two weeks ago.

Kiichi Miyazawa, Japan's finance minister, yesterday insisted that the government still believed the economy would grow by 0.5 per cent in fiscal 1999. "I think it has come to a point of a change in the tide," he said.

Some private sector economists also believe the figures may represent the worst moment of the recession. This is partly because the

Japanese real GDP growth Annual % change



Source: Organisation for Economic Co-operation and Development

government appears finally to be resolving Japan's long-running banking crisis. The Financial Reconstruction Commission, the body implementing banking reform, said yesterday it would inject ¥7,450bn public funds into the banks' capital base.

But the optimism also reflects hopes that the Bank of Japan may ease monetary policy more aggressively in the weeks ahead - particularly since the spending packages do not appear to be working and Japan's debt levels are spiralling.

The bank's policy board yesterday made no change in the policy it adopted last month of guiding overnight market interest rates "as low as possible". However, some economists suspect that the dismal economic data will force it to adopt even more radical anti-deflationary measures later this year.

Mr Miyazawa said the bank was considering targeting a specific rate of monetary growth, rather than a specific interest rate.

The bank hopes that flooding the markets with liquidity will help the corporate sector. The number of Japanese corporate failures fell 38.7 per cent year-on-year to 899 in February, Teikoku Databank, a credit research company, said. The fall has been mainly attributed to a ¥20,000bn government guarantee loan scheme launched last November which has approved 689,370 applications, or ¥13,477bn in loans.

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SATELLITE TELEVISION GOVERNMENT-OWNED AL-JAZEERA CHANNEL BREAKS THE MOULD

Arab world receptive to debate beamed from Qatar

By Rula Khalaf

Sheikh Hamad bin Thamer al-Thani may not seem at first sight to be a mover and shaker. He is a member of Qatar's ruling family and had spent most of his career as a pampered bureaucrat in the information ministry.

But since he started the government-owned al-Jazeera satellite channel two years ago, he has engineered something close to a revolution in the Arab world.

Al-Jazeera has become the darling of Arab viewers, offering them the simple but rare commodity of differing views.

It has also become the nightmare of Arab governments, which refer to it as the "suspicious channel".

It is with much amusement that Sheikh Hamad declares that the association of Arab radio and television broadcasters has just refused it membership.

"We were told we had six months to abide by the association's code of honour and then apply again, but if offering

viewers different opinions is against this code, then we cannot give it up," he said in an interview.

In a region where information is tightly controlled by governments, al-Jazeera's programmes - the most popular are aptly named "More Than One Opinion" and "The Opposite Direction" - bring together government officials and opposition representatives for debate.

With many shows live, officials do not censor what is said. "Many people have been banned from the media in the Middle East, Islamic fundamentalists, for example," said Sheikh Hamad. "We have no reservation about anyone. Let the fundamentalists express themselves and let the viewers make up their own minds."

Arab regimes have tried to resist the spread of satellite broadcasting without cracking down too harshly on ownership of dishes.

Saudi media companies, which already control most pan-Arab newspapers, have

set up their own satellite groups, which offer sanitised programming inoffensive to Arab audiences and uncontroversial to Arab rulers. London-based Middle East Broadcasting (MBC), controlled by a relative of the Saudi monarch, for example, broadcasts only positive Saudi news.

Al-Jazeera is in many ways a political tool itself, used by Hamad bin Khalifa al-Thani, the young ruler of Qatar, to promote his country as a maverick in the Gulf.

The emir, who ousted his father in a 1995 bloodless coup, likes to irritate his neighbours and break taboos. To the alarm of other Gulf governments, he has been entertaining the idea of loosening the monarchy's absolute rule.

The emir abolished the information ministry after taking over and ending censorship. He also set up a \$150m, five-year budget to start up al-Jazeera and Sheikh Hamad, then a deputy information minister,

was picked to run the station.

He was greatly helped by the collapse in 1996 of the BBC's Arabic channel - a joint venture with a Saudi company which could not survive government sensitivities. Many of the dismissed staff were hired and moved to Qatar.

Advertising is directly or indirectly controlled by governments in many parts of the Middle East and this does not work to al-Jazeera's advantage. But the emir can subsidise it as long as it suits his political purpose.

For now, Sheikh Hamad is counting on streaming in from viewers and official complaints from governments, rather than advertising revenues. The most frequently disgruntled are the Kuwaitis, who accuse the station of bias towards their arch-foe, Iraq.

Compared with other Arab stations - but not foreign networks - al-Jazeera's Iraq coverage is indeed extensive. When the US and Britain bombed Iraq last December,



Panelists on al-Jazeera's The Opposite Direction debate the issue of minorities in the Arab world. AP

MBC did not send anyone to Baghdad, while al-Jazeera had a large team. Two weeks later it was picked by the Iraqi government as the outlet for airing President Saddam Hussein's speech calling for a revolt in the Arab world.

Al-Jazeera carried the speech before it was broadcast on Iraqi television. Al-Jazeera also regularly offends Islamist conservatives. One of its most popular programmes is "Sharia (Islamic law) and Life", in which a sheikh dares to reas-

sure women that, among other freedoms allowed by the Koran, they should not be forced to marry suitors designated by their parents.

The sheikh is criticised by Islamic quarters, but what he is showing is that there has been confusion between culture and religion in the Arab world," said Sheikh Hamad. "Marriage to a relative, for example, comes out of cultural tradition and not religious edict."

Sheikh Hamad believes that, in spite of the uproar, al-Jazeera is setting the pat-

tern for the future. Already other pan-Arab channels are dealing more with human rights issues, "just to emulate the Qatari channel's success."

"We have crossed all the red lines and dealt with all the taboos," said Sheikh Hamad.

"We now have a conviction that the future direction has to be to give more freedom to the media in the Arab world. There are faxes, the internet and satellites now - you cannot live in an age that is not yours."

Fears ease over US wholesale prices

By Graham Maitland in Washington

Fears that US wholesale prices are taking off were eased yesterday by a 0.4 per cent drop in the producer price index for last month, its largest fall in more than a year.

While economists expected some reduction because of declining energy prices, the size of the drop was helped by a 1.4 per cent fall in food prices, which are harder to predict. Producer prices excluding energy and food remained flat.

The figure, released by the Labor Department, followed gains of 0.5 per cent in January and 0.4 per cent in December.

While the news lifted bond prices, Ian Shepherdson, chief US economist at High Frequency Economics, said the index did not necessarily indicate whether the Federal Reserve was likely to raise interest rates to tame inflationary pressures. "Under today's circumstances it's the wrong ball to be watching, probably," he said.

Although PPI inflation overall appeared to be subdued, it was a "lagging indicator of inflationary pressures" and the Fed would pay more attention to wage pressures in an increasingly tight labour market.

Mr Shepherdson said the index was likely to increase next month because of the impact of recent oil price rises. He predicted a jump of 0.5-0.6 per cent.

Tim O'Neill, chief economist for Harris Bank and Bank of Montreal, added: "Our forecast of a modest rise in commodity prices later this year suggests that producer prices should start turning up slightly."

Energy costs fell 1 per cent in February, reflecting a drop in home heating oil prices and declining costs of residential gas and electricity. These offset increases for petrol.

Weak economies in Asia, Russia and Latin America have contained US inflation through cheaper imports and lower demand for farm products and raw materials. Jerry Jasinski, president of the National Association of Manufacturers, said: "While some industries, such as producers of steel and other commodities, have had to deal with increased competition, the economy overall has benefited from lower import prices."

Although figures revealed a slight upturn in the index for capital equipment, Mr Shepherdson attributed this to strong demand for cars and trucks and said it was "too early to get concerned about it".

In a separate report, the Commerce Department said total business inventories for January were up 0.1 per cent on December to \$1,088.1bn. Retailers in particular added to their stocks and wholesalers and manufacturers decreased inventories. Retail sales were up nearly 6 per cent from December to \$218bn.

The inventories sales ratio at the end of January was 1.38, slightly up from 1.37 in December but still well below the average level of the last five years.

Leading oil exporters agree more cuts to bolster prices

By Robert Corzine in London

The world's leading oil exporters yesterday agreed a new round of production cuts in their latest effort to boost depressed crude prices.

The 2m barrel per day cut follows large output reductions last year that failed to

prevent oil prices falling to 12-year lows, in part because of patchy compliance among members of the Organisation of Petroleum Exporting Countries (Opec).

All al-Naimi, Saudi Arabian oil minister, yesterday said he expected better compliance with the new agree-

ment. "Compliance is going to be very high from now on because of this agreement. There is a very high level of commitment."

The agreement was reached after two days of talks in Amsterdam among the oil ministers of Saudi Arabia, Iran, Venezuela,

Algeria, and the head of Pemex, Mexico's national oil company.

The ministers said another cut was required to bring stability to the world oil market. Crude prices have plummeted over the past year, with large surplus stocks emerging as a result

of rising Iraqi exports, falling demand in Asia and elsewhere and two consecutive mild winters in much of the northern hemisphere.

The deal calls for a global cut of more than 2m b/d "over and above the previous commitments, to be implemented by Opec and

non-Opec countries as of April 1".

Oil prices have rallied strongly in recent weeks in expectation that oil exporters would agree to cuts. But many analysts remain sceptical about the level of Opec compliance, given its members' record. The uncertain

outlook for demand in many parts of the world could also undermine the deal's effectiveness.

But there are also signs that any cuts implemented will be made more effective because of lower output among some of the west's biggest oil companies.

Investors wary of Ecuador austerity plan

By Justine Newsome in Quito and Arkady Ostrovsky in London

Foreign investors reacted cautiously yesterday to an austerity package for Ecuador, welcoming the government's intentions but casting doubt on its chances of success.

The measures, announced by President Jamil Mahud on Thursday night, aim to stem Ecuador's worst financial crisis in decades. Hours after the package was revealed, the central bank's board of directors, including its president, was reported to have resigned.

Among the reforms to be put to Congress are an increase in value added tax from 10 per cent to 15 per cent, the removal of widely abused exemptions to VAT and the introduction of tough penalties for tax evaders.

The president also decreed increases in fuel prices of more than 100 per cent, to be partially revoked if Congress passed the VAT changes.

But Ecuador's dollar-denominated Brady bonds failed to rebound and yield spreads remained high, reflecting the market's scepticism about the govern-

ment's ability to overcome political opposition in Congress.

Peter West, chief economist at BBV Securities, said: "These steps are pointing in the right direction, but Ecuador still has a long way to go before one could say it is on its way to stability."

It was confirmed yesterday that plans for a \$450m standby programme with the International Monetary Fund were still on track. However, the IMF is thought to have reservations about the lack of measures to resolve the underlying problems in the banking system.

Joyce Chang, emerging markets strategist at Merrill Lynch in New York, said: "Austerity measures were limited to the fiscal side and did little to solve the crisis in the banking system." She said investors were awaiting the reopening of banks, which have been shut since Monday.

Mr Mahud unveiled measures to reduce the threat of a further run on banks, including a one-year freeze on half of current account balances over \$150 and a six-month freeze on half of savings balances over \$375. Fixed-term investment and bank loans must be renewed for a year.

PRESSURE ON SERBIA COMMITMENT OPENS WAY TO NATO THREAT

Kosovo commanders to sign peace plan

By Guy Dinmore in the Drenica region, Kosovo

Military and political commanders of the ethnic Albanian Kosovo Liberation Army (KLA) passed a decision yesterday to sign the western-drafted peace plan for Kosovo that would give the Serbian province broad autonomy enforced by some 28,000 Nato troops.

The commitment from the KLA will allow the US and its allies to use the threat of Nato intervention to coerce the Serbian side into signing the deal. But Slobodan Milosevic, Yugoslav president, yesterday reiterated after meeting Igor Ivanov, Russia's foreign minister, that Belgrade would not accept foreign troops on its territory.

Mr Ivanov was in Belgrade to take over mediation efforts from Richard Holbrooke, US envoy, who also failed to persuade Mr Milosevic to agree to the deal.

Sources close to the Kosovo Albanian delegation, which hopes to fly to Paris today for peace talks that start on Monday, said a top-level meeting of about 25 KLA leaders in a secret location in the central Drenica region gave the final authorisation to Hasim Thaci, the delegation leader, to sign the deal.

"Hasim Thaci telephoned me to say that he was authorised to sign," one ethnic Albanian source said. Official confirmation of the news was expected to be released later on the rebel army's Kosovo Press internet website.

The decision had been expected but was thrown into doubt by resistance from hardline commanders who objected to provisions of the peace accord that call for the KLA to be disarmed within a month. They were also unhappy that there was no clear-cut guarantee that a referendum on self-determin-

ation would be held at the end of the three-year interim period covered by the agreement.

Mr Thaci, head of the KLA political directorate and wanted by Serbian police for "terrorist" activities, slipped across the border from Albania into Kosovo to tell the regional commanders that the deal on offer was the best they could get.

The Kosovo Albanian delegation intends to try to fly to Paris aboard a French military aircraft from Kosovo's regional capital, Pristina. But this week the Serbian authorities reissued arrest warrants for three KLA members of the delegation, and western officials were concerned that the team would not be able to leave in safety.

Sources close to the delegation said it was possible that Mr Thaci, if he made it to France, would sign the deal tomorrow.

Gates opens up.

The interview: On Wednesday. The book: Serialised from Thursday.

On Wednesday, in an exclusive in-depth interview, Bill Gates talks about the future of business and how you could win or lose as the information age speeds into a new millennium. And serialisation of his new book begins on Thursday - only in the FT.

FINANCIAL TIMES

No FT, no comment.

Handwritten note: 150

FINANCIAL TIMES

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Saturday March 13 1999

A farewell to Oskar

The arrival of Oskar Lafontaine at the German finance ministry after last September's federal elections was widely perceived to have tilted the European political balance decisively leftwards. The question after his unexpected resignation this week is whether the balance will now shift back again, so defusing the tensions he helped create within Europe and enhancing the prospects for overdue structural reform in Germany's flagging economy.

As yesterday's euphoric response in the markets implied, there is one rather paradoxical sense in which the departure of this unreconstructed Keynesian has greatly improved the European outlook. The European Central Bank, which Mr Lafontaine had so persistently nagged in pursuit of lower interest rates, may feel it has greater freedom to respond to deteriorating conditions in the euro-zone.

Meanwhile, Gerhard Schröder is set to preside over a less fractious coalition as he prepares to assume Mr Lafontaine's former role as head of the party. His nominee for the finance ministry, the outgoing state premier of Hesse, Hans Eichel, is not expected to rock boats. Yet it would be foolish to assume that Mr Lafontaine's exit will guarantee harmony in Europe; still less a smooth passage at home.

Those in Britain who rejoiced at the departure of this determined tax harmoniser should remember that harmonisation was not an exclusively German preoccupation. There is a wider failure in Europe to grasp, for example, that the imposition of a withholding tax on bond interest will raise the cost of capital all across Europe because non-European investors will have to be compensated, in a global market, for the shortfall against the prevailing world rate of interest.

In Germany itself it is important to recall that Mr Lafontaine's success with Mr Schröder at the polls last autumn owed much to his understanding of voters' worries about the economy. Since then the economy has gone resolutely downhill. The former finance minister also represented a powerful strand of opinion in the Social Democratic party. This will remain an important political factor.

Angry revolt

What has unquestionably changed, as a result of this week's drama, is the relationship between government and business. Mr Lafontaine was an old-style taxer and spender who increased federal spending by nearly 7 per cent in this year's

budget. He simultaneously alienated business by redistributing large sums from the corporate to the personal sector.

Following their angry revolt over higher taxes, the leaders of German industry have claimed their scalp. They have also demonstrated that with globalisation politicians have to carry business with them if they want to prevent the erosion of the corporate tax base and the export of jobs abroad. The irony is that Mr Lafontaine had explained in a book before the election that globalisation was not to be feared.

Short order

If Mr Schröder's more amiable approach to business now pervades the coalition, it does not follow that all the difficulties of the German economy will be addressed in short order. While the German chancellor shares the modernising rhetoric of Britain's Tony Blair, he is committed to a consensual "alliance for jobs", which brings together state, unions and employers in deliberations over the economy.

So while it is true that the left in Europe may now have definitively abandoned Keynesian demand management, the main economies are still wedded to different forms of what might be called supply-side socialism. In Germany it takes the form of consensual policymaking. In France an unrepentant dirigiste state is anxious to promote old-style national champions - witness the latest moves to reshuffle the banking system.

Even in Britain a budget this week that contained many otherwise admirable features offered a confusing, 1970s-style welter of tax reliefs and other aids for research and investment for favoured parts of business.

The trouble with consensual policymaking is that it holds little promise of making significant inroads into heavy social security bills, nor of eliminating labour market restrictions that inhibit industrial restructuring. Takeovers are a poor instrument of rationalisation where, as in France, job guarantees are too often a condition of changed ownership. British tax tinkering does little for economic efficiency, but keeps accountants in work.

The focus on the micro-economy is necessary and desirable. The difficulty is that each governing party still brings historical baggage to the task. Mr Lafontaine's departure reflects the challenge this issue poses in Germany, where the stress imposed by economic and monetary union is at its most acute.

Next stop, 10,000? The Dow Jones Industrial Average seems on course for that benchmark. At one point yesterday it was just a few dozen points short. At the same time, its British cousin, the FTSE 100 index, was setting new highs. The problems that dogged world markets last autumn seem to be fading from the memory.

On the surface, the key to the revival is that Goldilocks is alive and prospering, albeit to different degrees, on both sides of the Atlantic. A Goldilocks economy, like the fairy tale heroine's porridge, is one that is not too hot to cause inflation, nor too cold to cause recession, but just right.

In the US, sure enough, economic growth marches briskly on without any sign of inflationary pressure. In the UK, the porridge might be tepid, but at least recession now looks less and less likely. It seems that Britain is avoiding the worst of its old boom-and-bust cycle.

But the economic news tells only part of the story. Underpinning the remarkable resilience of the US and UK equity markets has been the most obvious form of support for any commodity, from aluminium to zero-coupon bonds: a shift in the balance of supply and demand.

More money is pouring into equities, thanks to low returns on alternative investments (such as cash or bonds). But because companies are buying their shares back, or not issuing new ones, the supply of equity is shrinking in the US and the UK. With demand rising and supply falling, it is no wonder prices are up. As they used to say of land, it seems they aren't making equities any more.

A figure like 10,000 on the Dow is, of course, just a number. But the imminent reaching of that landmark inevitably raises the questions: how much longer can this last? How imminent are the threats that might bring it to an end?

Back in the autumn, of course, it seemed as if the bull market was already over when Russia's default, the continuing crisis in Asia and the near-collapse of US hedge fund Long Term Capital Management appeared to threaten a global recession. Investors then fled equities for the safe haven of US bonds: the S&P 500 index dropped nearly 20 per cent, the Footsie 25 per cent and European markets 35 per cent in less than three months.

Fortunately for stock markets, central banks rode to the rescue, with the US Federal Reserve cutting rates three times, the Bank of England five times, and even the euro bloc managing a collective rate reduction before the introduction of the single currency in January.

Global growth is still not expected to be sparking in 1999 and there are plenty of problem spots, such as Japan, Germany and Brazil. But the worst may be over for Asia, notably in South

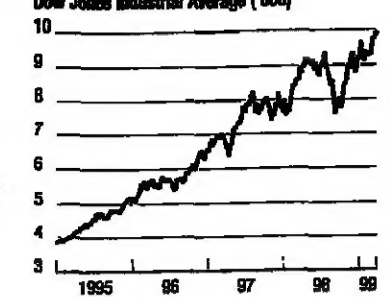
COMMENT & ANALYSIS

A fairy tale ending

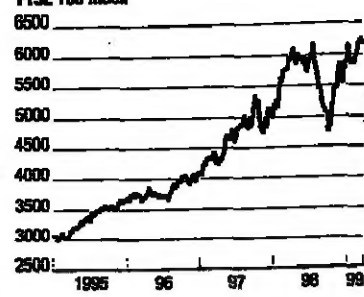
All eyes are on the Dow Jones Industrial Average as it approaches the 10,000 landmark. But how much longer can the bull market last, asks Philip Coggan

Goldilocks: not too hot, not too cold

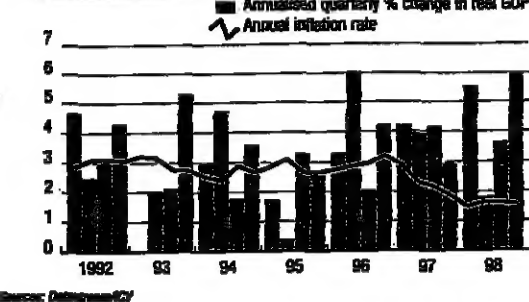
Dow Jones Industrial Average (1998)



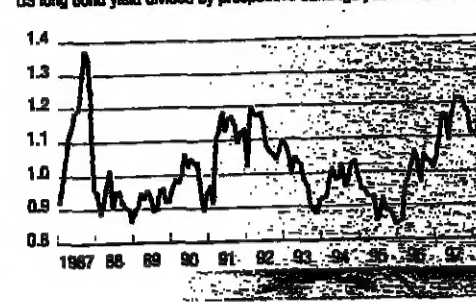
FTSE 100 Index



US Growth and Inflation



US bond-equity earnings ratio



Korea; outside Germany, Europe seems on course for respectable growth; and above all, the US economy keeps charging forward. Economic growth was an annualised 6.1 per cent in the fourth quarter of 1998, but as Alan Greenspan, the Fed chairman, said on Tuesday: "There have been no obvious signs of emerging inflation pressures."

The UK economy is enjoying nothing like the same kind of growth as the US. Even on the UK chancellor's forecasts, which many analysts feel are optimistic, UK GDP is expected to grow by only between 1 and 1.5 per cent this year. But expectations of recession, widespread in the autumn, have started to fade as survey data have indicated an upturn in business sentiment.

All this has reassured those who feared that corporate profits were about to be severely squeezed. According to IBES, the information company, US corporate earnings forecasts have been rising steadily since December.

And the corporate sector is playing a big part in fueling the rise in share prices. At this stage of previous bull markets, notably in 1987, companies were falling over themselves to issue new equity to take advantage of high share prices. But not this time.

In the four quarters to the end of September, there was net retirement of some \$168bn of equity in the US, while in the UK the supply of equity was reduced by more than \$30bn in 1998. Two factors have been behind this shift: takeovers and share buy-backs. Takeovers or mergers offer companies two advantages. At a time when low inflation and moderate economic growth make it hard to increase sales rapidly, mergers enable companies both to cut costs, which improves margins, and to achieve the scale needed to become a price-setter

rather than a price-taker in their sectors. As investors have recognised this trend, blue chip shares have outperformed small companies - increasing the incentive for companies to grow bigger by acquisition.

Share buy-backs have had an even greater influence than takeovers. There seems to have been a revolution in corporate finance, with managers accepting that surplus cash should not be hoarded but returned to shareholders. With cash paying a low return and debt tax-deductible, buy-backs also enhance earnings per share and reduce a company's cost per capital.

The result is that buy-backs normally drive share prices higher, something that manag-

**Key to the revival
is that Goldilocks
is alive and
prospering on both
sides of the Atlantic**

ers, increasingly motivated by share options, have not failed to notice. They have happily borrowed money to buy back their companies' shares in the US; over the four quarters to September, the corporate sector accumulated some \$85bn of debt, the highest ever 12-month figure.

Of course, higher gearing increases risk, but why should managers care? They get generous severance packages when they quit or are fired. And if share prices fall, boards are normally willing to rewrite options schemes to compensate.

There are some clouds on the horizon. Arguably the latest rally in US share prices in particular is

showing even greater signs of being a bubble than before.

The long bull market in equities, which began in 1982, has been accompanied by a similarly profitable era for bonds, which has seen yields fall to levels not known for a generation.

Falling bond yields reduce both the borrowing costs of corporations and the temptation for equity investors to switch out of the stock market in search of a higher income. But they also increase the theoretical valuation of equities. The value of shares is the future dividend, or earnings streams, discounted to the present day; as the discount rate (normally the prevailing bond yield) falls, then the present value of those future earnings increases.

Since 1982, the value of US equities has increased more than ninefold. Only a third of this has been due to a rise in corporate profits; the other two-thirds has come from an increase in the multiple, the price-earnings ratio, which investors have been willing to attach to those profits. The rise in that ratio has been closely correlated with the fall in bond yields; without it, on measures such as dividend yield or price-to-asset value, shares would look horrifically exposed.

But the strength of the US economy has unsettled the Treasury bond market, with investors fearing either that inflationary pressures will return or that the Federal Reserve will raise interest rates to head them off. The yield on the 30-year issue, which dipped to 4.7 per cent in October, has risen to around 5.55 per cent, undermining the valuation case for shares.

The Fed keeps track of the relative valuation of shares by comparing the forward price-earnings ratio on the S&P 500 index with the 10-year Treasury bond yield. By last week, this showed equi-

ties looking 27 per cent overvalued. Such extremes of overvaluation had been seen only twice before: worryingly, that was in August and September 1987.

The UK stock market looks less exposed as both price-earnings ratios and bond yields are lower than they are in the US. But as has been shown so many times in the past, London will not be able to escape a setback on Wall Street - and nor will anyone else. A substantial fall in US equities would dent US and world growth.

What could bring a halt to the bull run? The most likely cause would be a realisation by investors that Goldilocks is starting to show her age. There are two opposite dangers, which cannot simultaneously be justified.

Some fear inflation. Part of the reason why inflation has been so low for so long has been the weakness of commodity prices, but the oil price has started to perk up in recent weeks. Without the support of falling oil prices, Lombard Street Research thinks US inflation could reach 4 per cent by the end of next year.

But the bigger fear is deflation, that the debt accumulated by governments, corporations and individuals over the past 20 years will prove to be an intolerable burden in a slowing economy. At some point, defaults will rise, creditors will start to demand their money back and the economy will suffer a credit crunch.

Optimists hope that the two forces will counteract one another and that neither threat will materialise. But the stakes are high. The UK and European economies are dependent on the US to keep world growth moving ahead, and the US economy itself requires a rising stock market to keep consumer expenditure growing. Just getting to 10,000 on the Dow may not be enough.

LETTERS TO THE EDITOR

Emotion goes beyond the game

From Andrew Christensen.

Sir, Any suggestion that football may have a north/south divide ("Allons, les Marseillais", March 6-7) cannot with any validity imply a comparative lack of emotion for the beautiful game in "industrial Catalonia".

Though the economies of Marseille and Barcelona may not be

equal, football club De Barcelona (el Barça) is, like Olympique de Marseille, celebrating its 100th anniversary in 1999. Comparisons of the onfield performance and success of both teams also extend to the terraces and beyond. The fanaticism and emotion that bind the Catalan spirit and outlook with el Barça as the "national"

team cannot be underestimated. Anyone seeing el Barça playing Real Madrid will know the emotion goes beyond the actual game.

Andrew Christensen,
145 General Mitre (6-1)
Barcelona 08023
Spain

Venture could be bad for bank's business

From Ms Helen Scott.

Sir, John Authers breaks new ground in sanitised reporting when he fails to mention that Pat Robertson - the Preacher Man - not only dabbles in money but peddles in hate ("Tele-evangelist as businessman", March 6-7). Hate of gays, liberals, Hindus, Muslims, feminists - Mr Robertson's hit list is endless.

He also espouses conspiracy theories: the UN and others apparently want to take over the US by creating "a new order for the human race under the domination of Lucifer".

Now, did we all get that? Obviously the Bank of Scotland did

not, because it wants to do business with this individual!

What is so worrying is the Financial Times fails to mention any of that while allegedly profiling Mr Robertson. I know you are a defender of all things capitalist but I still expect better from such a newspaper.

Lastly, I would advise the bank's governor to study the EFQM Business Excellence model, particularly its section "Impact on Society". This model looks at contributors to business results, and being aware of how you are perceived by the public is an important element. After "reading up", I doubt that he could then tell us that this busi-

ness venture is a good idea. Anyone who can go into partnership with a person such as Mr Robertson deserves all they get - and as far as the Bank of Scotland is concerned I hope it's more than just a headache.

Speaking as a customer, if this deal continues, they will lose my business and more if the press coverage so far is anything to go by. Mr Robertson good for business? I don't think so.

Helen Scott,
40 Bennoch Road,
Kirkcaldy,
Fife,
UK

'Marvellous' Lech deserves another visit

From Mr Peter B. Heimann.

Sir, Having just returned from a marvellous week at Oberlech, I feel compelled to comment on Kenneth McKenzie's article "Unlike the Terminator, we won't be back" (March 6-7). No doubt about it, the conditions put the

region and its inhabitants to the test. But for tourists - and even more so repeat customers like Mr McKenzie - to disparage the strained efforts of all involved is a bit much. It sounds much more like a case of sour grapes at having to finance a few extra days. If

he's an enthusiastic skier, I'll wager he'll make it back.

Peter B. Heimann,
The Old Post Office,
1 West Street,
Sturford,
Oxon OX15 6PH, UK

Philosophical Hobb-nobbing

From Dr Elaine Sternberg.

Sir, As the provider of philosophy-based consultancy services I am pleased to read that philosophical clarity is now being valued more highly by non-philosophers. Helen Kirwan-Taylor's article "No brain, no gain" (How To Spend It magazine, March) would have been more convincing had it not confounded Hobbes (the philosopher) with Hobbs (the retailer).

Elaine Sternberg,
principal,
Analytical Solutions,
c/o 18 Tamar House,
12 Tavistock Place,
London WC1, UK

HK and China

From Mr John Ure.

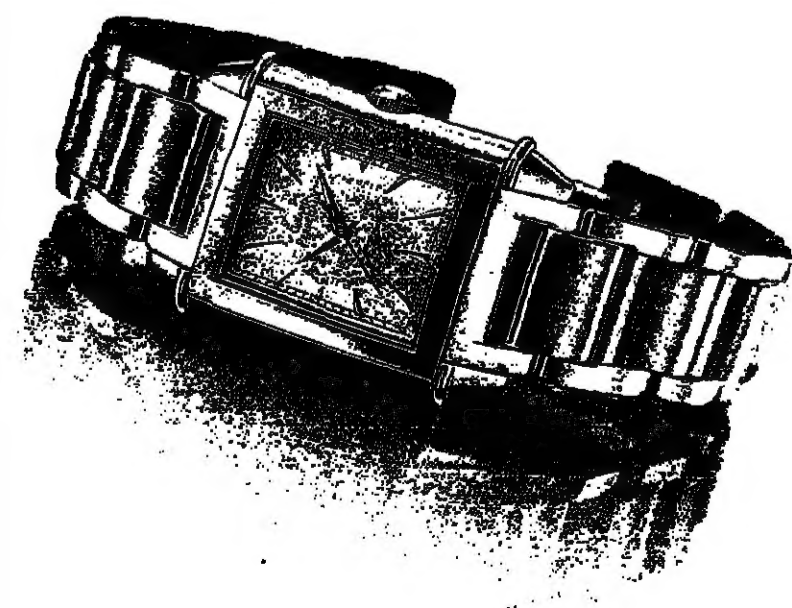
Sir, Your suggestion that Hong Kong's Court of Final Appeal backed down in the face of threats from mainland China is based on the Court's statement that it "cannot question the authority of the National People's Congress or the Standing Committee" ("Hong Kong retreats in dispute with China", February 27-28).

But this sentence continued "to do any act which is in accordance with the provisions of the Basic Law and the procedure therein". The syllogism struggling to get out gets lost by truncating the statement.

John Ure,
Centre of Asian Studies,
University of Hong Kong

VINTAGE 1945

Lady



GP

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MAN IN THE NEWS HANS EICHEL

Bland, but a relief

Frederick Stüdemann profiles the man who is stepping into the shoes of "the most dangerous man in Europe"

Two days ago Hans Eichel was a loser. Following the defeat of his Social Democrat-led government in state elections in Hesse last month, the outgoing leader of Germany's most prosperous state was clearing his desk before handing over keys of office next month.

Today, the loser of Hesse is poised to take charge of the finances of Europe's biggest economy. Mr Eichel, 57, was the surprise choice to succeed Oskar Lafontaine following the latter's sudden, and as yet unexplained, decision to resign as finance minister and withdraw from political life.

The dramatic change in Mr Eichel's fortunes is unusual in German politics, which tends to be conducted at a predictable, almost plodding, pace. For Mr Eichel the lurch from provincial obscurity to the second most important position must have been beyond his wildest dreams.

So what qualities was Gerhard Schröder, the chancellor, looking for in the successor to the man dubbed by one British newspaper "the most dangerous man in Europe"?

The German press has described Mr Eichel as having "all the charisma of a damp noodle", and that, after the fiery Mr Lafontaine, may have been just what the chancellor ordered. Mr Eichel may be bland, but he is also an expert on

German tax and, according to one of his colleagues, "a detail-obsessed file eater". talents he will no doubt put to good use at the finance ministry, especially now that tax reform is at the heart of German economic debate.

Fellow social democrats describe Mr Eichel as diligent, competent, and somewhat colourless, but also as someone who is a "consensus builder" - another quality which might come as a relief after the divisive Mr Lafontaine.

After a brief stint as a grammar school teacher, Mr Eichel worked his way up the local party organisation. During the Hesse election campaign, Mr Schröder conceded, with masterly understatement, that Mr Eichel did "not dance like Fred Astaire or sing like Caruso".

Instead, he praised Mr Eichel for his "uncommonly competent, precise and honest political work".

Yesterday Mr Schröder reiterated his appreciation of Mr Eichel's unassuming manner and praised his "successful work in [Germany's] economically strong

state" (Hesse includes Frankfurt, Germany's financial capital). In the wake of the stormy, brilliant, arrogant and sometimes chaotic Mr Lafontaine, the chancellor was obviously looking forward to a quieter life with his new finance minister.

Mr Eichel has more attractions than just being the calm after the storm. For one thing, he will bring useful experience of working with the Greens, the junior partners in Mr Schröder's sometimes fractious coalition government. Mr Eichel was the first SPD politician to invite the Greens to share office when he put together a coalition to run the Kassel city council in 1981. Ten years later he turned again to the Greens to form a government in Hesse.

For another, Mr Eichel, like Mr Schröder, favours a pragmatic approach to politics. In Hesse, which he headed since 1991, Mr Eichel was sympathetic to the needs of business. "Mr Eichel knows the importance of German companies remaining competitive internationally," says Frank Nie-

thammer, head of the Hessian Industry and Trade Association. This marks a contrast to Mr Eichel's predecessor, whose economic policies incurred the wrath of many industrialists and provoked them into the threat of an unprecedented tax revolt, when they said they would take their companies outside Germany unless he changed his proposals to increase the tax burden on wealthy individuals and large companies.

Yet Mr Eichel was considered close to Mr Lafontaine. In the early 1980s, the two men belonged to the left wing of the SPD. Mr Eichel was even dubbed "the Lafontaine of Kassel", the north Hessian town where he was born and was eventually elected mayor.

It was Mr Eichel who did the back-room number-crunching that allowed Mr Lafontaine, when leader of the opposition party, to block tax reforms in the previous centre-right government of Helmut Kohl. Mr Eichel's mastery of detail proved a formidable asset when he was finance policy

co-ordinator of the SPD-led states in the Bundesrat, the upper house of parliament.

It is not yet known whether Mr Eichel will seek to steer a completely new course at the finance ministry. Mr Schröder yesterday said the emphasis of government policy would remain on "social justice and innovation" and that there would be no immediate changes to Mr Lafontaine's tax reform bill, which proposes to close many lucrative tax loopholes benefiting industry.

Similarly, the chancellor said there are no plans to dismantle the "super finance ministry" that Mr Lafontaine controversially created by grabbing three parts of the economics ministry (on structural policy, forecasting and Europe).

But it is clear that Mr Eichel's role within Mr Schröder's government will be markedly different from that of his predecessor. Mr Lafontaine took over the finance ministry as reward for his successful management of the SPD election campaign and for his decision a year ago to stand

aside and let Mr Schröder run against Helmut Kohl for the chancellorship. As SPD chairman, Mr Lafontaine also had a second power base in the party.

Mr Eichel possesses neither of these assets. He will be a direct appointee of Mr Schröder, and will be answerable to him. Meanwhile, Mr Schröder is expected to strengthen his grip on the SPD by making a bid for the party chairmanship at an extraordinary conference next month.

Mr Eichel will only formally take charge of the ministry when he officially stands down in Hesse next month. Until then the finance ministry will be run on an interim basis by Werner Müller, the economics minister.

The departure of Mr Lafontaine has removed Mr Schröder's only credible internal rival. This will give the chancellor a freer hand to pursue his consensus-building approach to politics. Mr Schröder has said he would like to cut Germany's top rate of corporation tax (which can be 60 per cent or more). Whether he will now implement that goal remains to be seen. But with Mr Lafontaine gone, finance policy is likely to be determined more in the chancellor's than in the ministry's drab utilitarian offices in Bonn.

The result is likely to produce few of the fireworks which so distinguished the brief period in office of Mr



Eichel's predecessor. Judged by his record to date, Mr Eichel seems to prefer a solid, even a bland approach. More importantly, Mr Schröder wants that too.

All of which is no doubt desirable after the excitements of Mr Lafontaine. But one doubt must be entered.

In 1993, France brought in a new finance minister to oversee a change of policy after opposition had brought its Keynesian plans to a halt. That minister was Jacques Delors. The doubt is whether Mr Eichel will prove as effective as his eminent French counterpart.

Opening the Gates

James Kynge describes Microsoft's infatuation with China, and vice versa

Kilindun, Qiaodan and Gaici are the three best-known Americans in China. That is to say, Bill Clinton, Michael Jordan and Bill Gates.

All of them, in different ways, personify the individual achievement that Communist China has sought to subvert for decades. But Mr Gates makes a two-fold appeal. Among older Chinese intellectuals who have seen a lifetime of creativity drow in seas of conformity, he is the embodiment of what might have been. The admiration of the younger generation is less elegiac, driven by a raw aspiration to succeed.

"It was impossible until recently in China to turn an idea into a billion renminbi, let alone a billion US dollars," said Yang Rong-kang, a young software engineer in Zhongguancun, Beijing's fledgling Silicon Valley. "Now, it just might be possible," he added.

Events this week may have increased Mr Yang's chances further. Mr Gates's company, Microsoft, unveiled the most ambitious internet deal yet struck by a foreign company in the world's most populous market.

The largest software company in the world hooked up with local information technology leaders to bring access to the internet to tens - possibly hundreds - of millions of Chinese television viewers.

The strategy is simple. Most Chinese households are too poor to afford a personal

computer, which cost locally Rmb 8,000-10,000 (\$999-1,200). But there are some 320m televisions in China. So Microsoft has developed Chinese-language software, called Venus, which will allow people to access the internet, do simple word processing and probably web shopping using their televisions.

This is made possible by the use of set-top boxes or video compact disc players which come with Venus installed.

The set-top boxes are to be produced by Chinese companies in co-operation with Microsoft. The boxes, into which Venus will be embedded (in an attempt to foil China's ingenious software pirates), are expected to cost around Rmb 1,500 - ie, much more affordable than a PC. China, in short, is emerging as a giant test for Microsoft's ambition to merge the worlds of television and personal computers.

But at least as remarkable as the Microsoft deal is the conceptual shift that it demonstrates in official Chinese attitudes towards the internet. The borderless, unruly nature of cyberspace has long appeared as a threat to a government that censors and controls all local media.

Now the government seems ready, after months of anguished debate, to let a hundred websites flicker. "We cannot become a strong country without being good at IT. We cannot be good at IT without the internet," said one official at the ministry of information industries this week. His



Big deal: Bill Gates is making Microsoft's presence felt in China

words were underscored by the authorities' move this month to slash internet access fees, and allow households to have a second phone line installed free.

The impact of such events may well be to touch off the kind of "bullet train" euphoria that - often prematurely - has attended the opening of several Chinese industries to foreign investors.

It is true that internet use is growing at a breathtaking rate: the number of users doubled in the last five months of 1998 to 2.1m. Many analysts believe the number will reach 10m by the end of this year.

But there are many obstacles. The development of e-commerce is hampered by the small number of credit card users in China and the huge number of forgers. Capacity is also a problem, with access slow or blocked at certain times.

But above all, as Microsoft and media giants such as News Corp and Disney have learned, success in the China market depends on the keenness of one's political antennae.

Microsoft lost face in 1996 when the Chinese-language version of Microsoft Windows 95 software kept throwing up political slogans such

as "communist handits". The problem was solved only after the intervention of Beijing's security authorities.

Michael Eisner, Disney's chairman and chief executive officer, seems now to have repaired the damage done by Disney's 1997 film Kundun, with its sympathetic portrayal of the Dalai Lama, the exiled spiritual leader of Tibet whom Beijing reviles as a separatist. Disney is now in the running to build theme parks in Hong Kong and, possibly, China.

But for nobody was the fall from grace so emphatic or the comeback so arduous as for Rupert Murdoch, chairman and chief executive of News Corp. His remark in 1993 that satellite television and modern telecommunications posed an "unambiguous threat to totalitarian regimes everywhere" was taken seriously by the Chinese authorities.

It took five years to complete his return to favour. In December last year Jiang Zemin, China's president, "expressed appreciation for the efforts made by the world media mogul Rupert Murdoch in presenting China objectively, and co-operating with the Chinese press over the years".

Playing for high stakes

Robert Graham and Samer Iskandar watch frantic matchmaking among French banks

Like other members of the French establishment, Michel Pébereau tends to take life very seriously. Like other graduates of the elite *grandes écoles*, he wears his intellectual skills on his sleeve.

But those watching the 57-year-old head of Banque Nationale de Paris explain his bid this week to create France's largest bank, by merging BNP with Paribas and Société Générale, saw a rather different persona.

Gone was Mr Pébereau's aloofness that terrifies subordinates at the bank. Red in the cheeks with excitement, he extolled the merits of his scheme as if he had just discovered the adrenalin of risk.

He is playing for high stakes. If the proposed three-way deal fails - and both Paribas and SocGen have so far rejected the offer - then Mr Pébereau's position in the close-knit world of French banking would be irretrievably damaged.

In the past, he has missed several big opportunities for banking acquisitions. Now he is playing with the careers of André Lévy-Lang, Paribas chairman, and Daniel Bouton, head of SocGen, who last month agreed their own friendly merger. If the two proceed with their union as planned, and leave Mr Pébereau out in the cold, BNP might begin to look small and vulnerable.

Mr Pébereau came to banking in 1982, via the treasury and after working with Valéry Giscard d'Estaing when finance minister. His elder brother, Georges, had already followed a path from the civil service to high finance.

He must have remembered this week how his brother

had launched, more than a decade ago, France's first hostile banking bid using his small investment group to target the newly privatised SocGen. The failed bid was at the time considered an act of megalomania.

Mr Pébereau first joined Crédit Commercial de France (CCF) and rose to prominence as the man who successfully presided over its privatisation.

At CCF he managed to steer the bank away from the booming real estate sector in the late 1980s, which was later to be the ruin of his main competitors. His admirers say this was foresight and prudence, not lack of entrepreneurship.

Mr Pébereau's experience at CCF made him a natural candidate to take the helm

of the scheme to Suez," a banker involved with the deal remembers.

Last year he was out-bid in the privatisation auction for CIC, a medium-sized bank, which went to Crédit Mutuel - itself considered among the less fleet-footed in the banking community. More recently, his initiative to play a leading role in the privatisation of Crédit Lyonnais was all but ignored by the government.

A personality clash with Jean Peyrelevade, chairman of Crédit Lyonnais, played a part. "The egos of Pébereau and Peyrelevade were too big to fit in the same room," a bank union representative says.

The question of personalities in the latest bid cannot be ignored. To triumph, Mr Pébereau has to convince Mr Lévy-Lang and Mr Bouton

'It is not a question of BNP taking control of SocGen and Paribas, but rather the association of three banks to create a world leader'

at BNP in 1993, when the state had decided to shed its stake. BNP was more than double the size of CCF and he methodically set about improving its profitability. This culminated in his triumphant announcement last week that BNP had become France's most profitable bank.

However, these results mask Mr Pébereau's poor record on expansion. One of his first schemes was an unsuccessful three-way link-up with the holding company, Suez, and the insurer, UAP. "He moved too slowly and was unable to

that his intentions are honourable. "They are personal friends of mine," he said when presenting his plan. But the two others seem determined to put business before friendship.

Mr Pébereau has tried to take each of Paribas and SocGen to the altar at least once before. As recently as January, he had been in discussions with Mr Lévy-Lang, and was under the impression that BNP was on the verge of coming to an arrangement with Paribas. But he had been kept in the dark about talks between Paribas and SocGen, which

announced their merger last month. As soon as the Paribas-SocGen merger got under way, Mr Pébereau tried to prise away SocGen, according to insiders. But the 46-year-old Mr Bouton, another civil servant turned banker, is understood to have politely refused this overture, preferring instead to process with plans for "SG Faribas".

So Mr Pébereau bid for them both. "It is not a question of BNP taking control of SocGen and Paribas, but rather the association of three banks to create a world leader," he said this week. However, in the light of Mr Lévy-Lang and Mr Bouton's clear earlier rejection of his hand, his optimism about this being a "friendly" arrangement would appear either misplaced or naive.

Perhaps he is counting on the French establishment rallying round to ensure a national champion. After all, he taught economics to Dominique Strauss-Kahn, the Socialist finance minister who is watching over developments like a hawk.

Mr Pébereau also has a big ally in Claude Bébéar, the head of insurer Axa and one of the most influential figures in the country. Mr Bébéar is represented on the boards of all three banks, and Axa itself is a large shareholder in BNP and Paribas.

This week, Mr Bébéar appears to have had few second thoughts in backing Mr Pébereau, knowing that Axa stands to win either way. For Mr Pébereau, however, it is all or nothing. In this culture of risk, so novel to French banking, he is gambling his reputation on the grand prize.

Whose DNA is it anyway?

Patti Waldmeir reports on the battles being fought in US courts over who owns genetic material - the individual or the state

There has always been something seductive about the notion that a speck of blood or a spot of semen can suffice to solve crimes, and make society safer for the innocent.

Forensic testing of DNA - the famous double helix of genetic material unique to every individual except identical twins - has made that techno-utopian dream seem closer to reality.

Now Americans are contemplating a big new step towards that goal: the creation of a national DNA databank of all those arrested for any crime, from jaywalking to murder. On the zero-tolerance principle that today's turnstile-jumper can be tomorrow's rapist, law enforcers hope to use the databank to make a quantum leap in fighting crime.

But the proposal has provoked conflict at the frontier where science meets the law. Skirmishes have already begun, pitting law enforcement officials against civil liberties advocates.

The noise of conflict was sharply amplified recently when the National Commission on the Future of DNA Evidence, an advisory panel appointed by Janet Reno, the US attorney general, began hearings on a proposal to extend the

databank from convicted murderers, rapists and child molesters, to all those arrested.

The American Civil Liberties Union, long-time champion of individual rights, voiced outrage at the proposal, challenging it as an unconstitutional intrusion into the privacy and body of the individual.

Barry Steinhardt, associate director of the ACLU, argues that the databank could herald a new era of "genetic discrimination" - employers could refuse to hire anyone with a genetic predisposition to certain diseases or kinds of behaviour; insurance companies could deny cover to people on their genetic blacklist (which could include not just suspects, but anyone who shares their bloodline).

So the battle has been joined at the national level to answer the question: what rights do people have over their DNA? And at the state level, micro-skirmishes are being fought over many of the same issues.

Take the case last week in New York of the murder suspect, the abandoned DNA

and the coffee cup. Police secretly obtained DNA from Aron Kie, whom they had arrested on a petty theft charge, by giving him a cup of coffee. They used the saliva left on the rim for a DNA test, and they arrested him on suspicion of a series of rapes and murders. His lawyers challenged this as a warrantless search, but prosecutors defended the move on the grounds that he "abandoned" the DNA on the coffee cup. The courts

have regularly upheld searches of "abandoned" property, such as rubbish in a suspect's bin, and they will probably uphold this one.

For civil liberties advocates, the case conjures up visions of policemen trailing suspects everywhere, hoping they will sneeze and drop a Kleenex. But for Howard Safir, New York City police commissioner, Mr Kie looks like the perfect poster boy for his own campaign to take

DNA samples from everyone arrested in New York City.

For the case illustrates DNA's greatest strength: as a tool to convict the guilty and exonerate the innocent. The DNA on the coffee cup was enough to clear an innocent suspect. And more importantly, Mr Kie's DNA in the databank (where it would have ended up after a 1992 felony robbery conviction) might have allowed police to arrest him years earlier.

The case raises some of the same constitutional concerns facing the national commission. The fourth amendment to the US Constitution is at issue: "the rights of the people to be secure... against unreasonable searches and seizures shall not be violated, and no warrants shall issue, but upon probable cause."

Most DNA testing in criminal cases meets that standard, and is done not by

stealth, but after a showing of "probable cause". But DNA testing for databanks does not require that showing: states can test anyone convicted of murder and certain sex crimes, on the principle that such convicts are likely to be repeat offenders, and to leave behind biological material like blood and semen in future crimes.

Most states allow testing in those categories only. But extending the net to all those arrested may be a different matter. There is little evidence that mere suspects are likely to be recidivists, not least because so many are innocent.

The manner of testing will also affect the argument: Mr Safir is proposing a minimally invasive test, using oral swabs instead of the pin-prick blood test used, for example, in Massachusetts. This may help the courts get beyond their usual aversion to "beneath the skin" searches.

The hardest questions are those of principle. Opponents will argue that mandatory mass testing, in the absence of individualised suspicion of wrongdoing, is

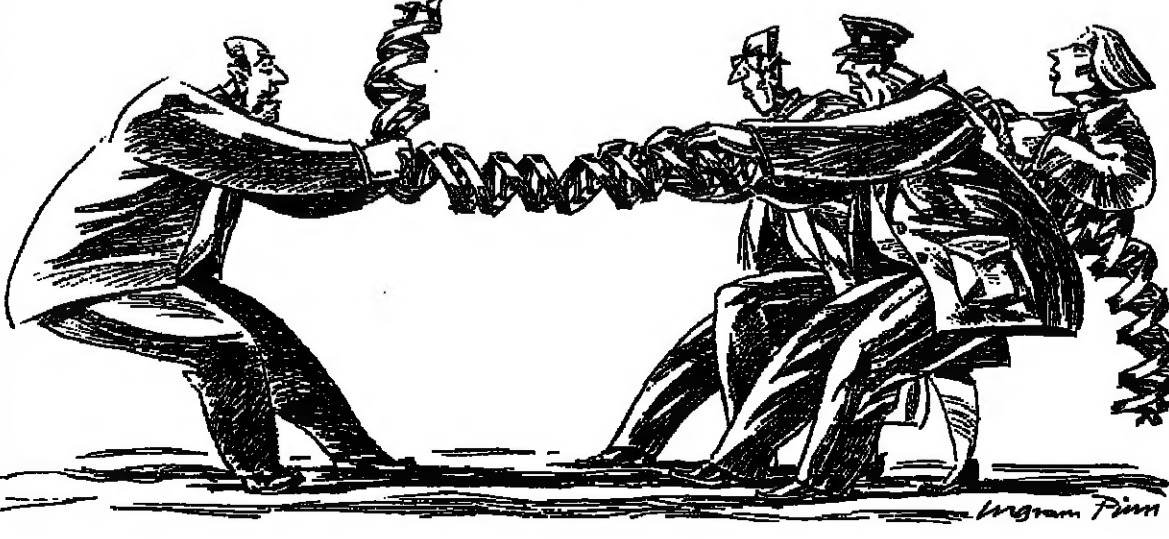
unconstitutional; the state will counter that its need to fight crime trumps the right to privacy.

But in the end, the real barrier to mass databanking could be logistical, says Harlan Levy, an expert on DNA evidence who testified before the national commission. Mr Levy points to the huge backlog of 450,000 untested samples already drawn from convicts. Testing everyone arrested would add 15m samples a year. "We have to wait before we can run, and when it comes to DNA we're barely crawling."

Whatever the constraints, DNA testing will remain the dream tool of modern policing. And as a sideline, it will continue to do its bit for the innocent - although a decision last month from the Virginia Supreme Court gives cause for concern.

The court was asked to release the DNA of a man executed in 1937, whose widow wanted to use new tests to clear his name. The dispute turned partly on who owned the DNA - the dead man or the state. The court refused to release the material.

In other cases individuals will continue to argue it is their, or their relatives', genetic material. The battle over DNA rights will run and run.



COMMODITIES & AGRICULTURE

Production cut boosts oil prices

WEEK IN THE MARKETS

By Paul Solman

World oil prices surged to about \$13 a barrel in London as leading exporters agreed to cut 2m barrels from daily production.

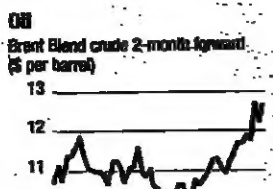
The deal between Saudi Arabia, Mexico, Iran, Algeria and Venezuela adds to the 2.6m barrels a day of cuts agreed last year, and comes ahead of the next meeting of the Organisation of Petroleum Exporting Countries on March 23.

The benchmark April contract for Brent blend on the International Petroleum Exchange has jumped more than \$2 in the past month amid expectations that oil producers would act to support prices by cutting output. The price is now about 25 per cent higher than the 12-year low of less than \$10 reached in December.

However, some analysts are not convinced that new production cuts are likely to turn around world oil prices, pointing out that demand remains weak.

Late yesterday, April crude was \$12.50, the highest since November last year. Copper prices remained weak, though the London Metal Exchange's three-month contract pulled back from recent 12-year lows to close yesterday at \$1.402 a tonne, a fall of \$11 on the week. Codelco of Chile, the world's largest copper producer, said it would consider shutting plants to curb production if prices fell much further.

Meanwhile, the LME said yesterday its new silver con-



Brent Blend crude oil prices

Source: International Petroleum Exchange

LME warehouse stocks

Commodity	Stocks	Change
Aluminium	81,200	+4,000
Copper	70,400	+4,000
Lead	106,200	+4,000
Nickel	80,400	+4,000
Zinc	300,700	+4,000

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Oskar recedes

MARKETS REPORT

By Alan Beattie

The euro lost some of its Lafontaine-inspired gains yesterday as the markets refocused their attention on the euro-zone economy and decided its prospects had not immediately improved.

The euro slipped back below \$1.10 as the market paused to take stock, and ended the day at \$1.094 against the dollar.

Peter von Maydell, currency analyst at Credit Suisse First Boston in London, said that after the immediate Lafontaine excitement had died down, the market had refocused on the yield differential between the US and the euro-zone.

"National politicians are not enormously influential when it comes to setting monetary policy for the euro-zone," he said. "The euro is not going to make a sustained rally solely on the Lafontaine resignation."

The euro was given a small boost yesterday on the comments of Wim Duisenberg, president of the Euro-

pean Central Bank. Mr Duisenberg said that shifting monetary policy towards short-term growth or employment objectives would damage price stability and, ultimately, the very economic growth and job creation that such a policy would be designed to encourage.

But Mr von Maydell said that the speech, written before Lafontaine's resignation, contained little that was particularly new. "Duis-

POUND IN NEW YORK

Mar 12
1 month 1.8353
3 months 1.8325
1 year 1.8243

enberg is very consistent in his views and doesn't tack with the wind," he said. "This is just a repetition of the line that interest rates are currently on hold but he doesn't rule out the possibility of rate cuts in the future."

The Bank of Japan continued to fiddle while the economy trudges yesterday.

The BoJ policy committee

left monetary policy unchanged while data showed that the Japanese economy shrank by 0.8 per cent in the fourth quarter of 1998. That was the fifth successive quarter of falling growth, the first time this has happened since records on the present basis began in 1955.

Despite the BoJ's failure to announce any move towards monetisation, the yen strengthened against the dollar, breaking the ¥120 level at the beginning of the London session. It took another dive down towards the end of London trading at around the time of option expiry, raising the possibility that option-related flows in thin markets were pushing the spot value around.

Mr von Maydell said that, with little fresh news appearing, the yen seemed range-bound for the moment. "The yield and growth differentials are not surprising the market, since everyone knows that the US is strong and Japan weak," he said.

He added that the yen might weaken in future weeks if commodity prices continue to rally. Japan, as a large net commodity importer is vulnerable to rises in basic goods prices.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 12	Overnight	1 month	3 months	6 months	1 year	JP Yen
Germany	12.540	-0.1300	711	758	12.620	12.684
France	12.540	-0.1300	711	758	12.620	12.684
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Spain	12.540	-0.1300	711			

DATABANK



UNIT TRUSTS

Winners and losers

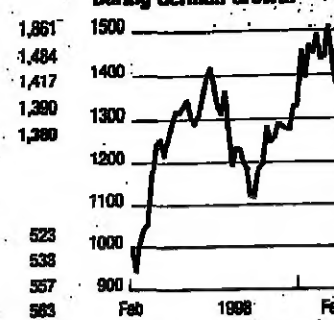
TOP FIVE OVER 1 YEAR:

Fidelity American	1,861
Aberdeen Pacific Technology	1,484
OM 80 Technology	1,417
Scott Equitable Technology	1,380
Baring German Growth	1,360

BOTTOM FIVE OVER 1 YEAR:

Scott Widows Latin America 511	523
Perpetual Latin America Gth	533
Edinburgh Latin America A	537
AB Growth Latin America A	583
Scott Widows Emerging Markets	583

Baring German Growth



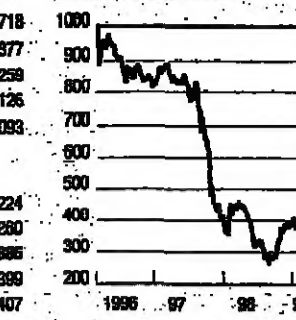
TOP FIVE OVER 3 YEARS:

Fidelity American	2,718
TU European	2,577
Jupiter UK Growth Exempt	2,259
Old Mutual North American	2,136
Invesco European Growth	2,093

BOTTOM FIVE OVER 3 YEARS:

Old Mutual Thailand Acc	224
Save & Prosper Gold & Exptn	260
Lazard Pacific Growth	305
Baring Eastern	399
Gardiner Gold & Int'l Resource	407

Lazard Pacific Growth



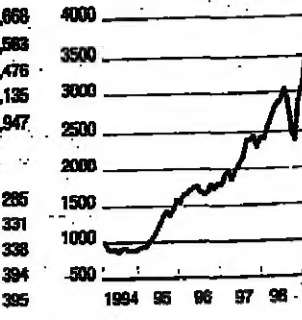
TOP FIVE OVER 5 YEARS:

Fidelity American	3,666
GA North America Growth	3,593
Aberdeen Pacific Technology	3,476
Edinburgh North American A	3,135
Fidelity American Spec Sits	2,947

BOTTOM FIVE OVER 5 YEARS:

Old Mutual Thailand Acc	205
Save & Prosper Gold & Exptn	338
Edinburgh Latin America A	394
Schroder Seed	395

GA North America Growth



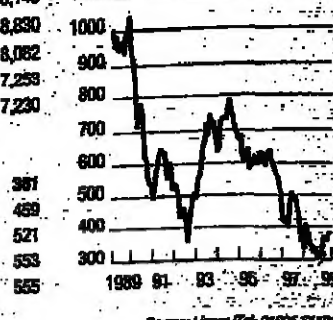
TOP FIVE OVER 10 YEARS:

Aberdeen Pacific Technology	10,149
GA North America Growth	8,850
Fidelity American	8,802
Edinburgh North American A	7,259
Edinburgh North American A	7,230

BOTTOM FIVE OVER 10 YEARS:

Baring Japan	361
M&G Japan Acc	459
Invesco Japan Growth	521
Henderson Japan Smaller Cos	533
HSC Japan Index	535

Barclays Japan



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warnings: past performance is not a guide to future performance.

Indices

INDEXES						
1 year (%)	3	5	10	Volatility	Yield	
Average Unit Trust	1063	1273	1489	2779	4.4	2.4
Average Investment Trust	1063	1273	1489	2779	4.4	2.4
Bank	1063	1273	1489	2779	4.4	2.4
Building Society	1040	1113	1201	1735	0.0	5.4
Stockmarket: FTSE All-Share	1062	1268	1481	2676	2.67	3.96
Inflation	1024	1088	1156	1472	0.3	-

UK Growth

Jupiter UK Growth Exempt	1170	2259	-	-	4.8	0.8
Exeter Capital Growth	988	1948	2029	-	6.7	-
Lloyds TSB Environmental Inv	1098	1859	2135	-	3.9	0.7
Thornhill Capital	1094	1805	2033	-	4.0	0.6
Johnson Fry Slater Growth	886	1795	2180	4088	4.3	1.1
SECTOR AVERAGE	1001	1473	1722	2987	3.8	1.4

UK Growth & Income

UK GROWTH & INC						
Direct Line FTSE 100 Tracker	1087	1805	-	-	3.8	2.2
Fleming Select UK Income	1088	1785	2183	3054	3.8	2.8
River & Mercantile Top 100	1083	1777	-	-	3.9	2.3
Fidelity Moneybuilder Index	1084	1773	-	-	4.1	2.1
Laurence Keen Income & Growth	1043	1764	2014	-	3.7	2.8
SECTOR AVERAGE	1023	1526	1791	2979	3.7	2.0

UK Smaller Companies

UK Smaller Companies						
INVESTCO UK Small Cos Acc (8)	1161	1781	1843	-	4.3	2.2
Henderson Exempt Cygnus	1058	1873	1742	-	4.4	1.8
Gartmore UK Smaller Co Inc	888	1532	2018	2345	5.1	1.1
BWD UK Smaller Cos	945	1504	1781	-	5.3	0.7
Laurence Keen Smaller Cos	877	1488	1828	-	4.4	1.5
SECTOR AVERAGE	924	1195	1386	1925	4.6	1.6

UK Equity Income

BWD UK Equity Income	1050	1739	2107	3368	3.4	5.2
Jupiter Income	1054	1703	2019	5435	3.2	5.2
Fidelity Income Plus	1050	1680	1866	2440	3.4	5.8
Investec GF Income Share	1058	1675	-	-	4.0	6.1
Dresdner RCM High Yield	1035	1652	1821	2908	4.0	5.7
SECTOR AVERAGE	993	1474	1882	2730	3.5	5.7

UK Equity & Bond Income

Edinburgh UK Income A	1084	1548	1729	2189	3.0	3.3
Abbey National Extra Income	1087	1531	1673	3296	2.5	4.1
Jupiter High Income	1030	1521	-	-	3.2	4.0
CIS UK Income	1004	1519	1730	-	3.2	3.2
CSU PPT High Yield	1055	1515	1659	2458	2.7	5.2
SECTOR AVERAGE	1004	1383	1540	2353	2.6	4.7

UK Eq & Bd

1 year (%)	3	5	10	Volatility	Yield
Perpetual High Income	982	1800	2009	4801	3.9
NPI Extra Income Ret	1079	1528	1861	-	3.0
AXA Sun Life High Yield	982	1506	1677	2491	3.2
Carlife Income Dis	1006	1501	1774	2634	3.2
Newton Distributor	1006	1495	1720	-	3.7
SECTOR AVERAGE	1005	1476	1767	3068	3.2

UK Fixed Interest

UK Fixed Interest					
CGU PPT Preference					
Morgan Gren MP Annuity Conv					
Aberdeen Prolific Stg Bond					
CGU PPT Monthly Income Plus					
Henderson Preference & Bond					
SECTOR AVERAGE					

UK Gilt

Fleming Select Long-dated Gilt	1182	1653	-	-	2.2	5.2
Fidelity Institutional Lg Gilt	1183	1626	-	-	2.1	5.2
Mercury Long-Dated Bond	1186	1498	1826	-	2.0	3.1
M&G Gilt & Bond Interest	1122	1452	1823	2316	1.5	4.1
Fleming Select UK Index Linked	1171	1442	-	-	1.3	2.0
SECTOR AVERAGE	1095	1316	1361	2184	1.3	4.5

Far East ex Japan

Friends Prov Australian	1028	1139	1215	2249	5.2	-
HSBC Hong Kong Growth	828	930	1077	3882	8.7	2.3
Fidelity South East Asia	981	811	966	3244	8.0	1.3
Henderson Asian Enterprise	944	776	825	-	6.8	1.1
Henry Cooke LG East Enterprise	744	754	841	-	9.7	0.7
SECTOR AVERAGE	878	574	627	2080	8.8	1.2

Far East Inc Japan

Jupiter Far Eastern	1154	968	1078	1908	7.9	-
Save & Prosper Far East Sm C	1055	877	978	-	6.0	0.0
Smith & Williamson Far East	947	776	718	1356	5.8	0.3
Dreadner RCM Oriental Income	966	773	789	1644	6.4	0.7
Royal & SunLife Far East	1014	751	824	1108	6.1	1.1
SECTOR AVERAGE	928	682	672	1401	6.6	0.9

Japan

Bellie Gifford Japanese	1116	982	1097	1284	5.8	-
INVESTCO Japan Growth (ST)	1074	952	1047	-	7.3	2.3
Fleming Japan Growth	1187	942	1028	-	5.8	-
Newton Japan	1104	928	1085	1114	6.2	-
Martin Curle Japan	1059	905	1008	-	5.8	-
SECTOR AVERAGE	1098	894	938	1041	6.4	0.4

Europe

1 year (%)	3	5	10
982	1600	2003	4
1079	1528	1861	
982	1506	1677	2
1006	1501	1774	2
1006	1495	1720	

Global Emerging Mkts

1089	1535	1606	2
1104	1501		
1104	1497	1638	2
1053	1480	1657	
1055	1464	1582	2
1062	1331	1432	2

International Equity Income

1102	1653	-	
1183	1626	-	
1105	1498	1525	
1122	1452	1523	2
1171	1442	-	
1005	1210	1304	3

International Fixed Interest

1028	1139	1315	2
828	930	1077	3
981	811	986	3
994	776	825	
744	754	841	
828	774	825	3

International Equity & Bond

1154	968	878	1
1035	837	678	
947	776	718	1
988	773	789	1
1014	751	824	1
828	652	673	1

International Growth

1115	982	897	1
1074	952	947	1
1187	942	938	
1016	928	895	1
1050	905	889	
1008	894	898	

Best Peps

TU European	1330	2377	2922	-	4.8	1.3
INVESTCO European Growth	1216	2093	2848	-	6.9	-
Baring German Growth	1128	1972	2618	-	5.8	0.6
Newton European	988	1948	2028	-	6.7	-
Gartmore European Sel Opps	1132	1882	2756	-	6.0	0.6
AVERAGE UT PEP	1008	1428	1681	-	3.7	2.4

Property

Global Emerging					
Hill Samuel Global Emerg Mk					
Stewart Ivory Emerging Mark					
Gartmore PS Emerging Mark					
Save & Prosper Emerging M					
Mercury Emerging Markets					
SECTOR AVERAGE					

Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AUTIF 55

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OFFSHORE
AND OVERSEASBERMUDA
(PSA RECOGNISED)

Fund Name	Unit Price	Change
Bermuda Capital Fund Ltd	1.00	0.00
Bermuda Growth Fund Ltd	1.00	0.00
Bermuda Income Fund Ltd	1.00	0.00
Bermuda International Fund Ltd	1.00	0.00
Bermuda Multi-Asset Fund Ltd	1.00	0.00
Bermuda Real Estate Fund Ltd	1.00	0.00
Bermuda Small Cap Fund Ltd	1.00	0.00
Bermuda Value Fund Ltd	1.00	0.00

BERMUDA
(REGULATED)**

Fund Name	Unit Price	Change
Bermuda Capital Fund Ltd	1.00	0.00
Bermuda Growth Fund Ltd	1.00	0.00
Bermuda Income Fund Ltd	1.00	0.00
Bermuda International Fund Ltd	1.00	0.00
Bermuda Multi-Asset Fund Ltd	1.00	0.00
Bermuda Real Estate Fund Ltd	1.00	0.00
Bermuda Small Cap Fund Ltd	1.00	0.00
Bermuda Value Fund Ltd	1.00	0.00

CAYMAN ISLANDS
(REGULATED)**

Fund Name	Unit Price	Change
Cayman Capital Fund Ltd	1.00	0.00
Cayman Growth Fund Ltd	1.00	0.00
Cayman Income Fund Ltd	1.00	0.00
Cayman International Fund Ltd	1.00	0.00
Cayman Multi-Asset Fund Ltd	1.00	0.00
Cayman Real Estate Fund Ltd	1.00	0.00
Cayman Small Cap Fund Ltd	1.00	0.00
Cayman Value Fund Ltd	1.00	0.00

MFS Meridian Funds - Contd.

Fund Name	Unit Price	Change
MFS Meridian Capital Fund Ltd	1.00	0.00
MFS Meridian Growth Fund Ltd	1.00	0.00
MFS Meridian Income Fund Ltd	1.00	0.00
MFS Meridian International Fund Ltd	1.00	0.00
MFS Meridian Multi-Asset Fund Ltd	1.00	0.00
MFS Meridian Real Estate Fund Ltd	1.00	0.00
MFS Meridian Small Cap Fund Ltd	1.00	0.00
MFS Meridian Value Fund Ltd	1.00	0.00

Royal Bank of Canada US Fd Mgrs Ltd

Fund Name	Unit Price	Change
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00
RBC US Fd Mgrs Ltd	1.00	0.00

IRELAND
(PSA RECOGNISED)

Fund Name	Unit Price	Change
Ireland Capital Fund Ltd	1.00	0.00
Ireland Growth Fund Ltd	1.00	0.00
Ireland Income Fund Ltd	1.00	0.00
Ireland International Fund Ltd	1.00	0.00
Ireland Multi-Asset Fund Ltd	1.00	0.00
Ireland Real Estate Fund Ltd	1.00	0.00
Ireland Small Cap Fund Ltd	1.00	0.00
Ireland Value Fund Ltd	1.00	0.00

GT Global - Contd.

Fund Name	Unit Price	Change
GT Global Capital Fund Ltd	1.00	0.00
GT Global Growth Fund Ltd	1.00	0.00
GT Global Income Fund Ltd	1.00	0.00
GT Global International Fund Ltd	1.00	0.00
GT Global Multi-Asset Fund Ltd	1.00	0.00
GT Global Real Estate Fund Ltd	1.00	0.00
GT Global Small Cap Fund Ltd	1.00	0.00
GT Global Value Fund Ltd	1.00	0.00

AGS Asset Management Ltd

Fund Name	Unit Price	Change
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00
AGS Asset Management Ltd	1.00	0.00

The Golden Gate Fund Pte

Fund Name	Unit Price	Change
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00
Golden Gate Fund Pte	1.00	0.00

Pulman World Trust

Fund Name	Unit Price	Change
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00
Pulman World Trust	1.00	0.00

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Fund Name	Unit Price	Change
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
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Fund Name	Unit Price	Change
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
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Barling Jd Mgrs (Ireland) Ltd	1.00	0.00
Barling Jd Mgrs (Ireland) Ltd	1.00	0.00

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Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4375 for more details.

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Offshore Insurances and Other Funds

● FT Offshore Unit Trust Prices are available over the telephone. Call the FT Offshore Help Desk on (+44) 171 875 4978 for more details.

Other Offshore Funds	Price	Change	Unit
Alfred Duncker International Asset Ltd (A)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (B)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (C)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (D)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (E)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (F)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (G)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (H)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (I)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (J)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (K)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (L)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (M)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (N)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (O)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (P)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (Q)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (R)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (S)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (T)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (U)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (V)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (W)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (X)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (Y)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (Z)	0.25	0.01	1.00

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Alfred Duncker International Asset Ltd (Y)	0.25	0.01	1.00
Alfred Duncker International Asset Ltd (Z)	0.25	0.01	1.00

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MANAGED FUNDS NOTES

Prices are at a given value and are subject to change. The value of the fund's assets may rise or fall, and the value of the fund's assets may be affected by the value of the fund's assets.

The fund's assets are managed by the fund manager, who is responsible for the fund's performance. The fund manager's decisions are based on the fund's investment objectives and the fund's assets.

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JP 11/10/150

Midcaps race ahead as sell-off stalls leaders

MARKETS REPORT

By Steve Thompson,
UK Stock Market Editor

Although the FTSE 100 index lost its way during the afternoon, after hitting another record early yesterday, the second-tier stocks in the FTSE 250 marched on regardless.

Boosted by widespread heavy gains in the engineering and building-related sectors, the mid-cap benchmark raced higher for the 18th consecutive trading session, eventually closing 87.5 ahead at 5,560.8.

Over those 18 sessions the index has risen 212.4 or 4 per

cent, but it is still a long way short of its all-time intraday record of 5,970.9. That was reached in June 1986 when the second-line stocks took heart from a series of hotel bids.

Heading the mid-ranking stocks were J.D. Wetherspoon, the pub group which delivered excellent results and a confident trading statement, and Euro-tunnel, which is expected to announce its first-ever pre-tax profit on Monday.

For the FTSE 100, it was a rather subdued end to a week of good gains, which were stimulated by relief that Tuesday's Budget contained no nasty surprises. On the contrary many

strategists viewed the Budget as encouraging equities.

And sentiment during the week was also given a substantial lift by Wall Street, where the Dow Jones Industrial Average moved into overdrive, hitting a new record and getting within sight of the 10,000 mark.

The Dow came in modestly higher yesterday in the wake of weaker-than-expected producer price data. That continued to encourage investors to think US inflation was under control and US interest rates would be left on hold after the March 30 meeting of the Federal Reserve. But the Dow slipped back to be 20 lower as London closed.

As expected, European markets responded positively to the resignation of Oskar Lafontaine, the German finance minister.

The FTSE 100 moved up to hit an intraday peak of 5,965.4 early in the day, only to run into pockets of profit-taking. That drove the index down to a session low of 5,722.8 during the afternoon, when most of the commercial bids and offers were being withdrawn from the trading system. At the close, the 100 index was 53.5 lower at 5,822.2, reducing the gain over the week to 76.7 or 1.2 per cent.

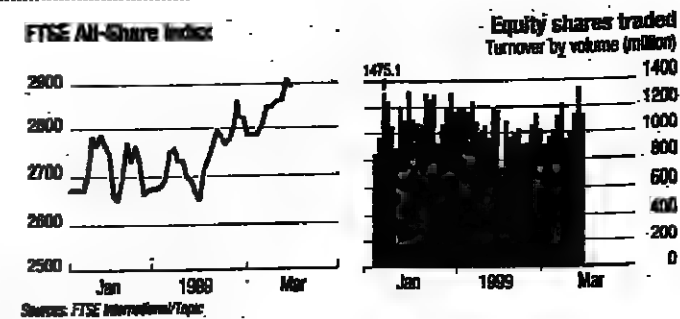
Much of Footsie's stuttering performance was attributed to a flurry of selling in the oil majors.

BP Amoco and Shell, which had been largely responsible for driving the index to a record high on Thursday, the weakness followed a modest decline in crude oil prices.

Adding to the pressure on the index were poor results from Reckitt & Colman, which disappointed even the most pessimistic analysts.

The FTSE SmallCap, which, like the midcap, has been making rapid strides in recent weeks, moved up 14.7 to 3,387.5, extending its gain on the week to 63.43, or 2.7 per cent.

Turnover in equities was 1.2bn shares, continuing the strong levels of activity of recent weeks.



Source: FTSE International/Refinitiv

Indices and ratios

FTSE 100 Index

FTSE 250

FTSE 350

FTSE All-Share

FTSE All-Share yield

FT 30

FTSE Non-Fin p/e

FTSE 100 Div Yield

10 y Gilt yield

Long gbt/equity yield ratio

FTSE 100 Index

FTSE 250

FTSE 350

FTSE All-Share

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10 y Gilt yield

Long gbt/equity yield ratio

FTSE 100 Index

FTSE 250

FTSE 350

FTSE All-Share

FTSE All-Share yield

FT 30

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 12 / US\$)

(In \$ bn)

Dow Jones

S&P 500

NASDAQ

NYSE

AMEX

NYSE

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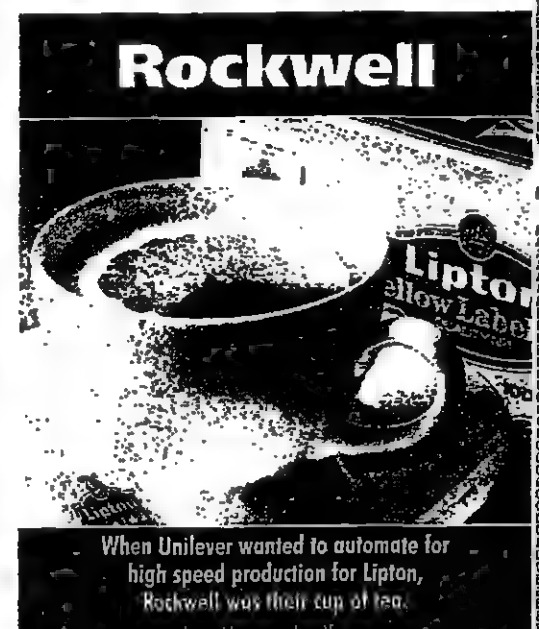
AMEX

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Rockwell



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INDICES

Mar 12

Mar 11

Mar 10

Mar 9

Mar 8

Mar 7

Mar 6

Mar 5

Mar 4

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Mar 2

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Mar 31

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Mar 28

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Caterpillar loses grip as Dow stalls

AMERICAS

Wall Street was little changed in early trading as concern about fundamentals following a warning from Caterpillar and disappointment with Oracle weighed on sentiment, writes John Labate in New York.

By early afternoon the Dow Jones Industrial Average was down 10.54 at 9,886.50. Caterpillar, a Dow stock, tumbled more than 10 per cent or 5% to \$45.45 after the industrial equipment producer warned about upcoming earnings growth. But other Dow stocks gained ground, including Walt Disney, up 4 per cent at \$36.45 after an upgrade by BT Alex Brown. The Standard & Poor's 500 index was down 6.05 to 1,281.63.

Midday sentiment gleaned little comfort from a better-than-expected report on producer prices. Bonds rose on the release of the data. The long bond gained 1/8% at 95 1/2, yielding 5.54 per cent.

Oracle, the second largest software producer, plunged 21 per cent or \$7 1/2 to \$26 1/2 as analysts at Warburg Dillon Read and Nationsbank Montgomery Securities downgraded the shares one day after the company issued its quarterly earnings release.

The Nasdaq composite index, which is weighted in high-tech shares, was down 1.7 per cent or 42.43 at 2,369.82. Among Internet stocks, Lycos fell 7.5 per cent at \$100 1/2 as uncertainty grew about its merger attempt with USA Networks.

But DoubleClick, the online advertising firm,

soared 10 per cent or \$11 1/2 to \$118 1/2 on stock split news. Retailer Rite Aid fell \$1 1/2 or 39 per cent to \$22 1/2 after the company warned about upcoming earnings.

Shares of Federal Mogul were down \$3 1/2 at \$40 as Merrill Lynch lowered its rating to "long-term accumulative".

TORONTO featured a strong performance in oil shares, but by midsession, the broad market was mixed as Wall Street drew breath after Thursday's record-setting performance. The TSE-300 composite index was 21.75 weaker at 6,544.00 in weak volume of 26.3m shares.

News that the big oil producers had agreed to cut output by 2m barrels a day sent oil prices higher.

Among the large oil producers, Canadian Natural Resources rose \$1.70 to \$28.50, Canadian Occidental Petroleum picked up 80 cents to \$26.00, Talisman Energy gained 65 cents to \$29.00 and Shell Canada added 80 cents to \$34.75.

CARACAS, 3.2 per cent higher on Thursday, hopes that oil production cuts would raise sagging crude oil prices, had put on another 2.3 per cent by mid-session yesterday. The IBC index was 92.72 higher at 4,068.17. Electricidad de Caracas, the market's benchmark stock, was 9 bolivars higher to 197 bolivars.

MEXICO CITY picked up ground in early trade. But by midsession, the early gains had evaporated and the IBC index was trading 5.05 easier at 4,674.75.

Jo'burg hits 1999 high

SOUTH AFRICA

Johannesburg closed at another high for the year, and at its best level since early August 1998, boosted once again by the overnight gains on Wall Street.

The overall index rose 55.0 to 6,440.1. Industrials gained

52.4 to 7,502.8 while golds slipped 15.5 to 1,002.5 as bullion tried to keep its head above \$290 an ounce.

Sasol added 4.8 per cent to \$30.40 as the world oil outlook brightened. Retailer Edgars soared 9 per cent to \$84 as the market reacted to the stock.

EUROPE

The euro fell back in the foreign exchange yesterday, but the "Lafontaine effect" was a positive factor for German equities, driving FRANKFURT up to within a whisker of 5,100 on the Xetra Dax index at one stage.

Insurers and power utilities lead the rally. Allianz and Munich Re both jumped more than 12 per cent and RWB and Veba were also in demand. Allianz ended €38.40 higher at €306 after touching a session best of €308.90. Munich Re added €22.40 to €204.40. RWB and Veba rose €5.30 to €47.30 and €43.30 to €32.50 respectively.

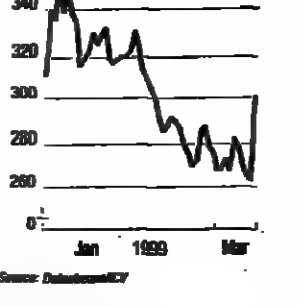
At the close, the Xetra Dax was up 245.09 or 5.1 per cent at 5,091.06, its best single-session gain since January 4 when the launch of the euro saw the benchmark advance 128.80.

PARIS ended lower, partly hindered by a dramatic swing in sentiment at BNP, which fell back from a peak of €55.20 to close off €3 at €50. The CAC-40 index ended off 9.35 at 4,175.03.

Oil also reversed recent gains with Total slipping

ALLIANCE

Share price (€)



€4.50 at €106.5 and Elf Aquitaine off €4.40 at €114.5. Thomson-CSF, a strong market in early trading following an upbeat management statement, finished €1.48 lower at €28.00.

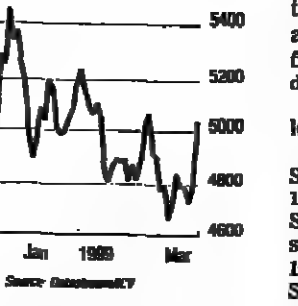
Result rose 63 cents to €35.83 on revived speculation that the motor giant was poised to take a sizeable stake in Nissan of Japan.

LMVH pushed higher, adding €13 at €233.3 amid talk that peace could shortly break out in the bid battle for fashion label Gucci.

AMSTERDAM took in a bounce for chemicals leaders

NEIRA DAX

Index



Novartis gave up SF29 to SF21.80 while Roche certificates lost SF175 at SF181.00.

Ascom had another good day, putting on SF55 to SF23.50. On Thursday, it shot up 27.5 per cent after it and Germany's RWE unveiled a system allowing telephones to use a data network working via power lines.

MILAN extended its losses in late trade to close lower as Wall Street's early performance failed to provide much inspiration. The Mibtel index lost 381 to 24,713.

Telecom Italia traded lower in the afternoon and

ZURICH had activity capped by results from UBS that were at the lower end of expectations. At the same time, investors were reluctant to enter the market ahead of 1998 profit figures from CS Group and Novartis due on Tuesday.

The SMI index closed 71.9 lower at 7,250.7.

UBS fell SF11.50 to SF180.50 after reporting a 1998 group profit of SF3.03bn and forecasting significant profit growth in 1999. CS Group lost SF14 to SF232.50.

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fell even further after a conference call late in the day for US and European fund managers. Telecom lost 2.7 per cent to €9.62 while Olivetti turned back from €2.96 to finish 0.8 per cent higher at €2.62.

MADRID gave up early gains to close easier and the Madrid General index finished 7.63 lower at 896.75.

Tabacalera was one of the

losers, falling 62 cents to €20.24 after Thursday's 8 per cent rise. The fall followed comments by Seita of France that there were no plans at present for a merger, although such a move was possible. In Paris, Seita was €1.55 higher at €61.

Written and edited by Michael Morgan, Jeffrey Brown and Paul Grogan

FTSE Actuaries Share Indices

Percentage change over 12 months and 12 months of 1998

Index	12 months	12 months of 1998
FTSE 100	+0.01	+0.01
FTSE 250	+0.01	+0.01
FTSE 350	+0.01	+0.01
FTSE 400	+0.01	+0.01
FTSE 450	+0.01	+0.01
FTSE 500	+0.01	+0.01
FTSE 550	+0.01	+0.01
FTSE 600	+0.01	+0.01
FTSE 650	+0.01	+0.01
FTSE 700	+0.01	+0.01
FTSE 750	+0.01	+0.01
FTSE 800	+0.01	+0.01
FTSE 850	+0.01	+0.01
FTSE 900	+0.01	+0.01
FTSE 950	+0.01	+0.01
FTSE 1000	+0.01	+0.01
FTSE 1050	+0.01	+0.01
FTSE 1100	+0.01	+0.01
FTSE 1150	+0.01	+0.01
FTSE 1200	+0.01	+0.01
FTSE 1250	+0.01	+0.01
FTSE 1300	+0.01	+0.01
FTSE 1350	+0.01	+0.01
FTSE 1400	+0.01	+0.01
FTSE 1450	+0.01	+0.01
FTSE 1500	+0.01	+0.01
FTSE 1550	+0.01	+0.01
FTSE 1600	+0.01	+0.01
FTSE 1650	+0.01	+0.01
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FTSE 2000	+0.01	+0.01
FTSE 2050	+0.01	+0.01
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Foreigners lock in Tokyo gains

ASIA PACIFIC

Shares in TOKYO inched lower yesterday as heavy foreign trading as investors locked in gains on the week, writes Alexandra Nishizawa.

The Nikkei 225 closed down 0.08 per cent or 18.28 to 14,588.86.

Trading was heavy, with 1.19bn shares exchanged. Momentum was up with 897 issues advancing, 380 issues declining.

The yield on the 10-year government bond fell 4 basis points to 1.715 per cent. Analysts were not expecting the Bank of Japan policy board, which met yesterday afternoon, to announce further credit-easing steps. But Kiyohiko Mizoguchi, finance minister, said that Masaru Hayami, governor of the Bank of Japan, might consider "quantitative easing" or targeting the money supply.

The real estate sector rose 3.1 per cent with the heaviest gains of the day. Real estate companies are heavily dependent on lending from banks, which recently received an injection of public funds and announced restructuring plans. Tokyu Land rose 7.25 per cent or ¥10 to ¥138. Mitsui Fudosan was up 2.8 per cent or ¥30 to ¥1,050.

The banking sector closed down 0.1 per cent after climbing 0.7 per cent this week. Fuyo Bank fell ¥18 to ¥908. Industrial Bank of Japan rose 0.2 per cent or ¥45 to ¥715.

Auto stocks were down with Suzuki Motor falling 10.18 per cent or ¥168 to ¥1,482. Nissan Motor fell 3.2 per cent or ¥13 to ¥401 after Moody's lowered its long-term debt rating to Baa3. Nissan Diesel was up 2.2 per cent or ¥4 to ¥180. Isuzu Motor fell 4.5 per cent or ¥15 to ¥330.

In Osaka, the OSE fell 13p to 16,136.

SEOLU pushed higher on foreign buying. Volume was again active at 247m shares and at the close the Kospi index was up 8.80 or 1.5 per cent at 300.00.

News that merchant banks would be allowed to write off restructuring losses over a three-year period sparked

COMPANIES & FINANCE

Enterprise pushes case for Lasmo merger

By Thorold Barker

Enterprise Oil, the UK's largest exploration and production company, yesterday argued that a merger with rival Lasmo made strategic sense and repeated that a final decision should be reached within three weeks.

The two companies have been talking since January, but progress has been slow because Lasmo is looking at other options. Pierre Jungels, Enterprise's chief executive,

said a deal could help accelerate his company's drive to rebalance its portfolio geographically and achieve more consistent returns. But the two sides still had to decide whether a deal was in shareholders' interests.

His comments accompanied results for what Sir Graham Hearn, chairman, described as the "toughest year in the company's history". The collapse in the oil price and asset write-downs

of £20.7m pushed Enterprise into a pre-tax loss of £19.5m (£254.8m profit) for 1998. Turnover almost halved from £947m to £563m.

The final dividend was passed, as expected. Andrew Shilton, finance director, said the pay-out would now be rebased from the full-year figure of 6.9p (17.4p).

He said the group had reduced costs across the board, with the cost per barrel falling from \$6.39 to \$5.63. The group also announced

details of a restructuring, which will reduce its workforce by about 25 per cent. The move will save £30m a year and give more autonomy to Enterprise's operations in Aberdeen and overseas. There was a £10m restructuring charge this time.

Production for 1999 is expected to be 330,000 barrels of oil equivalent a day, down from estimates of 360,000 bode because of a reduction in drilling activity

in the North Sea.

Comment

Enterprise has some way to go before it achieves its aim of offering investors consistent returns. It has hatched at its cost base, but is still focused on high-cost areas like the North Sea, which will become increasingly difficult if oil prices remain low. A merger with Lasmo would help, giving it exposure to cheaper areas like North Africa. But Lasmo

is dragging its heels while it looks at other options and a deal is far from sealed. For Enterprise to make the transition by itself would take time. Meanwhile, its shares offer a chance to profit from any improvement in crude prices. But with an asset value of about 360p a share, there is not much upside from the current price of 341½p - up 19½p yesterday - unless investors believe the mini-rally in the oil price will continue.

New home wanted for Corgi collection

By Thorold Barker

Cinven, the UK venture capitalist, is believed to be seeking a buyer for Corgi Classics, the model vehicle maker. Most interest in the company - which could raise £30m-£40m - is likely to come from the US, where the market for collectibles is more developed than Europe, but is growing more slowly.

The US market is expanding by about 5 per cent a year compared to more than 10 per cent a year in Europe.

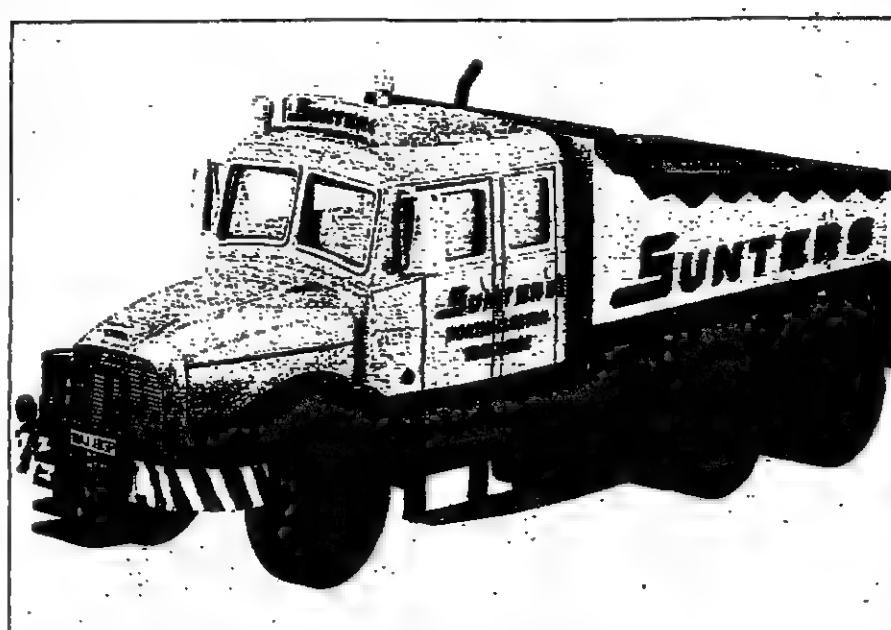
Corgi's biggest market has been toy cars - in 1998 it sold 5m toy Aston Martin DBS miniatures, based on James Bond's car in the film *GoldenEye*. But it switched its focus to higher-margin collectibles in 1995 after Cinven bought Corgi in a management buy-out from Matel, the US toymaker.

Cars, trucks and aeroplanes for adult collectors are very intricate and can sell for up to £100, compared with toy vehicles which sell for between £2 and £10.

Operating profits have risen from about £1.3m in 1995 to £3m last year. Turnover, of which 25 per cent is export sales, has increased by about 50 per cent to £18.7m.

The company this year started looking for opportunities to lift sales and began selling into the UK toy market again through Woolworths and other high street retailers.

It has also launched a series of collectible figurines, including the Manchester United football team and characters from the Coronation Street television series, which will be sold through department stores and jewellery shops.



Heavier goods: Corgi switched from making toys to higher-margin specialist collectibles

Vitec plans up to £150m of acquisitions

By Michael Peel

Vitec, the engineer, plans to spend up to £150m on acquisitions to develop its broadcasting equipment and services businesses.

The group, which also makes camera stands, warned of uncertainties this year connected with economic problems in south-east Asia and the introduction of digital television.

Vitec, which has outperformed the engineering sector by almost 5 per cent since last June, sells items such as microphones and camera batteries to broadcasting production companies.

Malcolm Baggott, chief executive, said the group planned to increase its business with media companies: "I think that's going to be a growing market. There are a hell of a lot of small service companies out there."

But he said it was hard to find good-value acquisitions. Another problem was that many of the companies he was looking at were "people businesses", where acquisitions could be undermined by staff leaving.

Vitec's pre-tax profits last year rose from £37.8m to £38.5m, on sales up 12 per cent to £162.3m.

Mr Baggott said the group had made good progress despite a drop in demand in some markets. Turnover from sales to Asia fell from £23m to £16.4m.

Earnings per share rose from 53.4p to 56.6p, as the group enjoyed the benefit of a lower tax charge.

A final dividend of 11.8p (10.3p) is proposed, giving a total up 16 per cent to 16.1p. The group announced that

Humphrey Wood, its chairman, would be retiring to be replaced by Alison Carnwath, a managing director of DLJ Phoenix, the investment bank.

The shares, which stood at 568½p on March 4, closed 15p lower at 555p.

Comment

Vitec's dominant positions in broadcasting equipment and services produces reliable but unexciting profits. This is illustrated by the photographic division, which increased earnings by only 3 per cent despite enjoying a 31 per cent operating margin. The shares are on an ungenerous 1999 multiple of 10.8, based on a profits forecast of £40.5m. But they are best avoided until the company makes more progress with acquisitions.

Shire shrugs off factory disruption

By Virginia Marsh

Shire Pharmaceuticals, the emerging Anglo-American drugs group, shrugged off disruption after an explosion at a key supplier's factory last August to more than treble its 1998 pre-tax profits.

The shares yesterday rose almost 12 per cent, closing 53½p higher at 473½p after Shire reported better than expected pre-tax profits of £9.1m (£2.11m) on sales of £80.3m (£41.8m).

Rolf Stahel, chief executive, said he expected revenues from the group's lead hyperactivity drugs to continue to grow strongly, following a doubling in their market share in the US to nearly 21 per cent in the year to January.

An explosion at the only plant producing the ingredients for the two drugs had cost Shire about £3m in profits and £15m in lost sales.

Production has since been moved to a Boehringer Ingelheim subsidiary in the US. Mr Stahel said even before the explosion at Arenol, its former supplier, Shire had intended to move to new facilities with more capacity.

He was encouraged that Carbatrol, an epilepsy drug

had claimed more than 10 per cent of the US market for slow-release formulations in its first seven months on sale. The US sales force is to be increased from 90 to 140 partly to support growing use of the drug.

Shire said it was on track with its partner Janssen to file galantamine, its Alzheimer's disease treatment, for approval in Europe this month.

Earnings per share were 4.5p (0.4p losses).

Comment

Among the gloom of the UK's smaller pharmaceutical and biotech companies, Shire stands out as something of a star. The well-regarded management team acted quickly to stem the damage following the explosion at Arenol while, with the successful launch of Carbatrol, concerns that it was overly dependent on its hyperactivity drugs are easing. Its quiver is filling up nicely with some promising treatments in advanced trials and it has the resources to plug the gaps in its longer-term pipeline. Despite yesterday's jump, the shares are only back where they were before last summer's problems - they look worth having.

Cortecs settles out of court with former chairman

By Virginia Marsh and Lucy Smy

Cortecs has paid Glen Travers, the biotechnology company's founder and former executive chairman, £1.3m gross, plus costs, in an out-of-court agreement to settle his claims of wrongful dismissal.

Mr Travers, a flamboyant Australian entrepreneur, is believed to have claimed a net amount of about £1.5m. He left the group in disputed circumstances last year.

Elements of his remuneration had caused controversy including a pay package which included business class air tickets to

Australia for his family.

Cortecs - which later last year reported that two of its three lead products were behind schedule - said he had resigned. But Mr Travers maintained the company had issued a statement without his consent saying he was resigning.

Howard Hymanson, of Fox Williams, Mr Travers' solicitors, said yesterday his client had been "vindicated".

Cortecs, which reports its 1998 results next week, said the settlement included payments for salary, pension and other allowances which had been approved by the remuneration committee.

The company also lost its

chief executive and chief operating officer in December after problems emerged with its drug development programmes. Under Phil Gould, the new chief executive and former Glaxo Wellcome executive, and chairman Lord Patten, the former Tory minister, it has embarked on a cost-cutting exercise and made 75 of its 270 staff redundant.

Cortecs appointed independent consultants that said in a preliminary report there were no significant technical problems with Cortecs' main drugs trials.

The shares rose 1½p to 24½p, down from 40p in 1996 and 1997 early last year.

Cabot in talks to buy Daiwa finance offshoot

By Thorold Barker

Cabot Square Capital, the independent principal finance house, is believed to be in exclusive negotiations to buy the London-based principal finance arm of Daiwa, Japan's second largest bank.

The division was put on the market by Daiwa last month. Cabot is understood to have won an exclusive period to conduct due diligence following the submission of first round bids on February 26.

The assets are understood to be worth about £400m,

including about £280m of debt. The negotiations do not cover the team which manages the portfolio, but it is likely some would be offered positions with the buyer.

Cabot, which has Credit Suisse First Boston as its biggest investor, specialises in asset-backed investments like hotels, pubs and finance companies. Last month it bought Commercial Financial Services, which buys non-performing credit card debt from consumer lenders, for an undisclosed sum.

Its portfolio is believed to fit well with Daiwa's businesses, which includes 700 tenanted pubs in a vehicle called Averbury Taverns.

Daiwa is selling the division because it was not prepared to commit the level of capital to be a leading competitor in the London market, where record levels of private equity have been raised in recent years.

The business has been overshadowed by the success of Nomura Principal Finance, which recently sold William Hill, the bookmaker, for £825m, to Cinen and CVC, two venture capitalists. The deal is expected to be completed by June.

Overstocking headache for Glenmorangie

By Maggie Thy

Glenmorangie, maker of malt whisky, has discovered its popularity is not quite what it had thought.

The company has found that 16,000 cases of whisky from its distillery in Tain, a small town in Ross-shire, which it thought were being enjoyed by consumers were languishing undrunk in a warehouse.

Iain Hamilton, finance director, said the problem of overstocking was discovered a week ago, when the group's UK sales manager

left "by mutual agreement". Since then, he said, Glenmorangie, based in Broxburn, in the West Lothian region of Scotland, had been trying to calculate the ramifications.

He said the company had checked that the same problem was not occurring elsewhere. The UK accounts for 55 per cent of sales.

The discovery caused the company to issue a profits warning yesterday and its shares fell 102½p to 600p. The group said profits in the financial year which ends this month would be £1.1m

lower than market estimates, while a shortfall of £1.2m would hit the first half of the new year.

Analysts said they were concerned that the problem revealed a lack of strong financial controls.

Matthew Jordan, analyst at ABN-Amro, the stockbrokers, had been forecasting profits of £8.7m before exceptional results for this year. After exceptional results, the £1.1m shortfall, profits are now expected to be about £7.3m.

Part of the UK sales manager's salary package was a bonus related to shipments

of whisky. The group had assumed that as fast as the cases were going to the warehouse they were leaving it again to satisfy demand. "We were led to believe the stocks in the market were not huge," Mr Hamilton said.

The distributors did not express concern since Glenmorangie continued to finance the stock while it remained in the warehouse.

While the board was congratulating itself on its strong UK sales, an overhang of stock was building up over an 18-month period.

NEWS DIGEST

CONSTRUCTION

Tay resignations as rebels win partial victory

Rebel shareholders in Tay Homes, the Leeds-based housebuilder, yesterday achieved a partial victory when four Tay directors resigned from the board. Trevor Spencer, a founding executive director, Michael Woodhead, a non-executive director, and John Parfitt, Mr Parfitt has left the board but remains as managing director of the northern division.

The move comes less than a month after the rebels' attempt to oust the management was defeated at an extraordinary meeting by 50.8 to 49.2 per cent. The rebels were led by privately-held Sunley Family Holdings, a 10.7 per cent shareholder. Norman Stubbs, who is stepping down as chairman to be a non-executive director, said the changes were being made "having regard to the closeness of the result". The new executive chairman will be John Maunders, the entrepreneur who sold his company to Westbury last year and has a 3.4 per cent stake in Tay. William Bannister, his former chief executive, will hold the same post at Tay. Richard Tice, chief executive of Sunley Group, has joined Tay as a non-executive. He had hoped to become chief executive. Tay's first-half pre-tax profits fell from £4.17m to £1.06m. Charles Pretzlik

TRANSPORT

Penaudie likely to win Servisair

Penaudie Polyservices, the French support services business, yesterday appeared to have won the battle for Servisair, after Amey dropped out of the bidding war for the ground-support services group. Amey, the construction and facilities group which sparked the contest with its 200p a share hostile offer valuing Servisair at £81.5m, had been expected to pull out. Penaudie announced its 230p a share agreed bid for Servisair on Thursday, surpassing a market which thought other suitors had lost interest. It already controls or has commitments covering 49.2 per cent of the share capital. Amey shares gained 5p to 585p, while Servisair shares fell 2p to 229p. Susanna Voyle

MEDIA

Havas wins Barbour Index

Havas of France has edged out United News & Media and Emap in the race to acquire Barbour Index, the supplier of data to the construction industry. The £52.8m agreed deal announced yesterday will bring Patrick Barbour, the development director who founded the company in 1957, more than £22m for his 42 per cent stake.

Havas - a subsidiary of Vivendi, the French utility and media conglomerate - is paying 305p a share, a premium of 26 per cent to the share price at the end of January, when Barbour said it was in talks. Peter John

TRANSPORT

BWA gains more business

BWA is winning increased business providing standby aircraft. Its 11 are hired out to international airlines when their own break down or need repair, or when routes are added suddenly. It also has corporate and VIP clients.

Announcing BWA's first annual results since its creation in a reverse takeover of British World Aviation by Castle Mill International last October, Robert Surman, chief executive, said BWA was well placed to continue its growth.

Figures for the year to December 31 - which, because of a change in year-end were compared with the 12 months to February 28 last year - were slightly ahead of City expectations. The shares closed unchanged at 10½p. Turnover rose from £2.67m to £7.56m. Last year's operating loss of £303,000 was reduced to a loss of £288,000. The pre-tax loss widened from £300,000 to £362,000, however, after interest payable jumped from £38,000 to £404,000. Susanna Voyle

SUPPORT SERVICES

Tracker Network ponders buy-out

Tracker Network, the stolen vehicle recovery company, is considering a management buy-out. The shares closed 57½p up at 510p yesterday after the group confirmed it had had "very preliminary discussions which may or may not lead to an offer". The company called off merger talks with Trafficmaster, the traffic information provider, 18 months ago at which point its shares stood at 675p. David Blackwell

ENGINEERING

Haden MacLellan disposal

Haden MacLellan, the engineering company, has agreed to sell its Australian subsidiary for £21m cash. The sale to Tyco International, the US conglomerate, reflects Haden's attempts to focus on industrial fasteners, which account for 75 per cent of pre-tax profits on 33 per cent of sales.

The group suffered a 23 per cent fall in its shares after it revealed last month that its process engineering division had significantly underestimated the cost of fulfilling two contracts. Richard Taylor, chief executive, said the disposal was unrelated to the profits warning. Analysts said the sale would be earnings diluting. Charterhouse Securities cut its 1999 pre-tax profits forecast from £13m to £11m. The shares rose 6½p to 55p. Michael Peel

PUBS AND RESTAURANTS

Regent Inns merger delayed

The merger of Regent Inns and SFI, the rival pub groups, has been delayed and is unlikely to be announced next week. They had intended to announce a deal alongside Regent's interim results on Wednesday.

The delay, which could last about 10 days, is understood to have been caused by slow progress on due diligence and negotiations about reconciling accounting policies. Regent and SFI said: "Talks are continuing and no decisions have been taken on substantive issues such as deal structure and board positions." Charles Pretzlik

SUPPORT SERVICES

Parkwood at the double

Parkwood Holdings, the grounds management, leisure and healthcare support services group, saw its shares more than double from 8p to 16½p yesterday, despite reporting a 35 per cent dip in 1998 pre-tax profits to £620,000 and a halved final dividend of 0.6p to a 1.2p (1.8p) total. Turnover rose 25 per cent to £30.9m with orders at the year-end increased to £111m (£102m). The company said that since the year-end £8.5m had been added to the order book, while £35m of business was in hand for 1999.

RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends compared to last year	Total for year	Total last year
Amey	19.5	7.56	0.652	0.12	11.1	10.5	6.9	17.4
Enterprise Oil	563.1	(19.5)	(0.34)	0.1	21.1	-	-	-
Gander Properties	6.1	2.14	0.1	0.39	-	-	-	-
Groomer	1.1	0.121	(0.087)	0.1	(0.07)	-	-	-
Johnson Service	191.5	17.8	17.5	51.87	(18.88)	11	9.6	14.3
H. M. Construction	46.7	(45.8)	(1.3)	2.22	14.73	2.5	2.5	4
Parfitt	31.8	(24.7)	(0.82)	(0.561)	2.2	(1.1)	1.2	1.8
Recruit & Coleman	2.202	2.197	227.8	(32.59)	40.6	(3.1)	15.3	24
Royal Hotel	117.2	(101.8)	(0.8)	4.541	(5.17)	1.92	0.85	1.5
Shire Pharmaceuticals	80.3	(41.8)	(0.5)	(0.4)	-	-	-	-
Tay Homes	6.1	(63.8)	(1.06)	(4.17)	2.4	(9.7)	1.8	7.8
Vitec	162.3	(144.6)	(38.5)	(37.8)	56.6	(53.4)	10.3	16.1
Walker (Thomas)	1.8	(2)	(0.104)	(0.107)	1.68	(1.44)	0.1	0.1
Waterman Plastics	6.1	(14.8)	(1.1)	(0.72)	3.8	(2.5)	1.5	2.2
Wellerspoon (JG)	121.2	(89)	(11.9)	5.8	(5.5)	0.83	0.7	1.2
Workplace Tools	83	(65.9)	(3.26)	(1.83)	6.01	(2.2)	1.2	0.27

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period to February 28 1998. After exceptional charge. After exceptional credit. 10m increased capital. 10m rental income. 10m stock. 10m sales. 10m retained. 10m retained. 10m retained.

JP 11/15/50

COMPANIES & FINANCE: INTERNATIONAL

FRENCH BANKING TAKEOVER TARGETS REJECT OFFER IN FAVOUR OF THEIR OWN AGREED PLAN TO MERGE

SocGen and Paribas spurn BNP bid

By Samer Iskander in Paris

The scene was set yesterday for a long siege after Société Générale and Paribas jointly rejected a takeover bid by their rival Banque Nationale de Paris in favour of their own agreed merger plans.

Yesterday morning, SocGen directors joined their colleagues from Paribas, who had met for more than three hours the previous evening, in declaring their hostility to the unsolicited offer from BNP to merge the three into the world's largest bank with more than \$1,000bn of assets.

Both banks ignored the assurances, repeated again yesterday by Michel Pébereau, BNP chairman, that his intentions were "friendly". He said he wanted to preserve the brands and identities of the three banks.

SocGen said BNP's offer was "much lower than the true value of SocGen". The board also said the simultaneous integration of three groups into one, "born from a hostile bid, [was] unmanageable".

The Paribas board said BNP's offer amounted to "dismantling Paribas".

Insiders at SocGen and

Paribas said the directors had been unanimous "but for one vote". The dissenter was Claude Bébér, chairman of Axa, the insurance company that is one of the principal shareholders in both BNP and Paribas. Earlier this week, Axa's representative on BNP's board approved the bank's decision to bid for its two rivals. Mr Bébér was invited to join SocGen's board only last month, after approving the SocGen Paribas project as a Paribas director.

The Conseil des Marchés Financiers, the financial markets regulator, must rule

by Tuesday on whether BNP's offer is acceptable. Analysts said the scarcity of previous hostile takeover bids meant that most poison pill defences - strategies aiming to render a bid target less attractive to the acquirer - had never been tested in French law courts.

"The resources are almost limitless," said a lawyer in Paris. "The only defences we know to be illegal are those that distort the transparency of the offer." This includes the so-called crown jewel defence, which involves selling a company's main assets to a separate entity, making

the target an empty shell. The shares of all three banks suffered from profit-taking yesterday, after rising sharply on Wednesday, following BNP's announcement. Paribas closed at \$100.20, down 1.3 per cent. SocGen fell 0.7 per cent to \$163.70. BNP closed 3.6 per cent lower at \$30.

SocGen and Paribas refused to discuss their intentions, but officials said all possible defences would be explored. "We did not hire Morgan Stanley as advisers to sit there twiddling their thumbs," said a SocGen executive.

DuPont in talks with seeds company

By Tracy Corrigan in New York and Nikhil Tait in Chicago

DuPont, the US chemicals and life sciences group, said yesterday it was in talks with Pioneer Hi-Bred International, the US genetic seeds company, regarding "a possible business combination".

DuPont owns 20 per cent of Pioneer and the companies have a 50-50 joint venture, Optimum Quality Grains, which develops new crops.

Caterpillar in fresh warning

By Nikhil Tait in Chicago

Weak demand overseas and price competition in the US caused Caterpillar, the largest maker of earthmoving equipment, to issue a fresh profits warning yesterday. It is now forecasting that earnings in the first quarter will be less than half the level expected by Wall Street analysts, although also said it was still "comfortable" with consensus estimates for 1999 overall.

The warning is the latest in a series of cautionary announcements by big capital equipment manufacturers in the US. Caterpillar itself said two months ago that falling demand in regions such as Japan, Latin America and Canada would cancel out more positive trends in Europe, and leave 1999 profits moderately below the 1998 figure.

But Caterpillar's latest announcement was still a big surprise to the stockmar-

ket. The group said sales and revenues in the first quarter would be "considerably below" the level reached in the fourth quarter of 1998. Earnings per share would be about 50 per cent less than the first-quarter consensus estimate and the fourth-quarter outcome of 83 cents.

Yesterday, Caterpillar shares fell \$4 - or more than 8 per cent - to \$46. The news, and share price fall, was also cited as a factor reining Wall Street's overall charge.

The most significant factor affecting first-quarter results was lower machine sales, coupled with a seasonal drop-off in engine sales. Caterpillar blamed this primarily on falling demand for the agricultural, mining and energy sectors - all affected by low commodity prices - and the difficult economic conditions in several developing regions, including Latin America and Brazil in particular.

Warburg drops curtain on a traumatic year

UBS is keeping a tight rein in its investment banking division, write George Graham and William Hall

The departure of Hans de Gier as chairman and chief executive of Warburg Dillon Read, the investment banking division of Switzerland's UBS banking group, sets the seal on a traumatic year.

Markus Granitz, who will take over in May as the new chief executive, is a former academic economist and Swiss National Bank official with a background in risk control.

Investment bankers in London said his appointment made it clear that Warburg was to be kept on a tight rein by its Swiss owner.

Warburg's operating income slumped to \$F6.5bn (\$4.42bn) last year from \$F10.6bn in 1997 and it had a pre-tax loss of \$F1.02bn. The bank had to dip into restructuring provisions to top up performance bonuses.

Marcel Oepel, UBS chief executive, stressed yesterday that the resignation of the 54-year-old Dutchman did not reflect any disagreement over the future strategy of UBS's investment banking arm.

"We are not going to clip the wings of our investment bank," he said.

End of an era

1872: Swiss Bank Corp founded
1912: UBS created from merger of Swiss regional banks Bank of Winterthur and Togenburger Bank
1966: UBS buys UK stockbroker Hambly & Dimes
1986: SBC buys UK merchant bank Warburg, also buys Chicago-based fund manager Salomon Partners
Sept 1997: Integration of Pictet & Cie, corporate finance house established in 1832, into Warburg
Dec 1997: SBC, UBS agree to merge
June 1998: merger completed
1998: restructuring and shake-up at Warburg management ends

Hans De Gier



In a letter to staff, Mr de Gier said that investment banking was a "young person's game".

He also said that he "wholeheartedly" supported the new strategy of exploiting the synergies between UBS's global asset gathering capabilities, especially in Europe, and the servicing of those assets by Warburg.

But it is understood that Mr de Gier was unhappy

with UBS's new strategy for investment banking, which reduces Warburg to a narrowly focused group with a sharply diminished appetite for risk.

The investment bank first went through a bruising integration process after UBS was created by the merger of Swiss Bank Corporation and Union Bank of Switzerland, ramming

selected units and personnel from UBS's operations into SBC's Warburg subsidiary.

Then it was knocked backwards to the tune of \$F1.6bn by losses on its equity derivatives portfolio and on its massive exposure to the Long Term Capital Management hedge fund, which had to be rescued last year.

Mr de Gier is understood to have found the process gruelling, and to have been reluctant to go through the same wringer again while reshaping Warburg to fit the tight restrictions UBS is placing on its ability to take risks.

UBS has already reduced the amount of capital committed to Warburg by a third from \$F15bn at the time of the merger, and expects to cut another \$F3bn.

Warburg's international loan book has been slashed from more than \$F300bn to less than \$F170bn. "This could come down by another \$F40bn before the end of the year, according to David Solo, who is stepping down as chief risk officer for UBS after completing a review of Warburg's future.

Besides running down the

loan book, Warburg has closed commodity trading, sold its trade finance activities to Standard Chartered and put conduit finance up for sale.

UBS's limits on the amount of market risk it will accept on its trading portfolio has also been cut from \$F1bn to \$F600m, and its actual value at risk at the end of 1998 was lower still, at \$F1214m.

Mr Solo said UBS wanted to focus on the client side of the business and downsize its proprietary business, "which we feel is frankly slightly better done in stand-alone funds".

"Having people doing some proprietary trading does not have that much to do with our ability to compete with Merrill Lynch and Morgan Stanley."

Fritz Hobbs, former chief executive of Dillon Read, the venerable Wall Street firm acquired by Warburg in 1997, will become chairman of the investment bank, while remaining head of corporate finance.

Colin Buchanan, head of equities, and John Costas, head of fixed income, will join the group managing board.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, London, and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

NATIONAL MARKETS		THURSDAY March 11 1999										WEDNESDAY March 10 1999										DOLLAR INDEX									
US Dollars Index	Day's Change %	Point	Start	End	Local Currency Index	Local % change	Gross Domestic Product	US Dollars Index	Day's Change %	Point	Start	End	Local Currency Index	Local % change	Gross Domestic Product	US Dollars Index	Day's Change %	Point	Start	End	Local Currency Index	Local % change	Gross Domestic Product	US Dollars Index	Day's Change %	Point	Start	End	Local Currency Index	Local % change	Gross Domestic Product
Australia (79)	214.08	0.5	156.10	162.48	227.88	24.72	0.8	3.39	213.07	-194.12	181.44	223.96	222.85	218.96	163.86	210.79															
Canada (21)	-186.36	0	107.11	118.11	172.00	172.00	1.2	3.85	183.75	-167.02	136.90	170.00	170.00	233.73	166.37	208.00															
Denmark (24)	-239.22	0	239.22	239.22	142.16	142.16	0.8	1.00	239.22	-239.22	239.22	239.22	239.22	239.22	239.22	239.22															
France (22)	-114.80	-0.7	104.44	85.96	111.89	387.82	-1.4	5.54	117.76	-179.29	89.23	128.76	103.19	289.34	90.32	251.75															
Germany (112)	-205.58	0	187.86	185.03	218.50	226.59	0.2	1.78	200.81	-187.86	185.03	216.74	227.18	248.79	138.94	238.57															
Italy (24)	-409.80	-1.8	373.89	311.10	435.76	362.49	-0.8	1.33	416.78	-374.70	315.78	429.89	364.87	837.33	409.80	435.76															
Japan (25)	-745.20	-1.0	745.20	745.20	145.56	145.56	0.8	1.00	745.20	-745.20	745.20	745.20	745.20	745.20	745.20	745.20															
Netherlands (25)	-214.42	-0.2	221.10	242.43	303.33	303.33	1.3	2.04	218.89	-220.91	241.82	256.28	259.52	44.8	236.83	277.51															
Spain (25)	244.30	0	229.18	182.45	229.33	229.33	0.8	1.69	244.30	-229.18	182.45	227.38	227.38	325.61	226.35	255.87															
Sweden (24)	-111.26	-1.2	374.92	312.24	437.34	375.30	0	0.98	416.47	-374.92	312.24	315.85	437.73	375.87	428.85	211.47															
Taiwan (24)	-309.08	0	371.89	234.58	399.30	377.30	0.2	3.36	309.08	-371.89	234.58	399.30	399.30	392.82	196.84	347.43															
UK (24)	-121.16	-0.2	121.16	121.16	145.56	145.56	0.8	1.00	121.16	-121.16	121.16	121.16	121.16	121.16	121.16	121.16															
USA (14)	52.93	0	145.02	148.18	545.36	545.36	1.2	1.84	52.93	-145.02	148.18	545.36	545.36	545.36	545.36	545.36															
Yen (53)	-172.35	0	467.37	430.41	230.06	230.06	0.2	1.43	172.35	-467.37	430.41	230.06	230.06	230.06	230.06	230.06															
Other Europe (24)	-104.31	0	85.06	76.17	118.09	79.17	0.8	0.94	104.31	-85.06	76.17	118.09	118.09	76.17	76.17	76.17															
Other Japan (24)	-1387.65	0	1387.65	1387.65	145.56	145.56	0.8	1.00	1387.65	-1387.65	1387.65	1387.65	1387.65	1387.65	1387.65	1387.65															
Other Latin America (24)	-61.56	0	61.56	61.56	145.56	145.56	0.8	1.00	61.56	-61.56	61.56	145.56	145.56	145.56	145.56	145.56															
Other New Zealand (18)	-83.17	-1.0	87.37	47.94	118.15	82.97	-0.3	4.48	82.98	-83.17	47.94	118.15	82.97	83.17	77.84	45.86															
Other Oceania (24)	-233.80	0	212.94	177.34	248.39	248.39	1.4	1.83	233.80	-212.94	177.34	248.39	248.39	248.39	248.39	248.39															
Other Philippines (22)	-61.56	-1.2	78.93	67.37	82.02	168.24	-0.2	0.97	61.56	-78.93	67.37	82.02	168.24	168.24	168.24	168.24															
Other Russia (24)	-222.92	0	222.92	222.92	145.56	145.56	0.8	1.00	222.92	-222.92	222.92	145.56	145.56	145.56	145.56	145.56															
Other South Africa (24)	34.11	0	12.57	160.57	224.83	189.06	-0.1	1.81	212.35	-12.57	160.57	224.83	224.83	224.83	224.83	224.83															
Other Taiwan (24)	308.78	1.4	260.05	187.77	220.99	279.23	2.3	3.26	202.01	308.78	187.77	220.99	279.23	279.23	279.23	279.23															
Other Thailand (24)	374.14	0	369.05	291.33	448.98	448.98	2.3	1.59	374.14	-369.05	291.33	448.98	448.98	448.98	448.98	448.98															
Other Turkey (43)	-222.45	0	157.14	23.54	145.56	145.56	0.8	1.00	222.45	-157.14	23.54	145.56	145.56	145.56	145.56	145.56															
Other USA (24)	-33.63	0	363.35	302.62	423.84	363.77	1.5	1.17	363.35	-363.35	302.62	423.84	423.84	423.84	423.84	423.84															
Other Venezuela (21)	-22.28	-8.2	20.20	49.49	17.09	32.94	0.8	2.74	21.57	-22.28	49.49	17.09	32.94	32.94	32.94	32.94															
Other Western Europe (202)	-601.98	1.6	365.05	304.88	426.96	365.05	1.8	2.81	365.05	-365.05	304.88	426.96	426.96	426.96	426.96	426.96															
USA (51)	536.17	0	407.78	408.18	589.93	535.17	0.8	1.34	536.17	-407.78	408.18	589.93	589.93	589.93	589.93	589.93															
Americas (74)	474.53	0	422.45	356.16	504.47	402.96	0.8	1.28	474.53	-422.45	356.16	504.47	504.47	504.47	504.47	504.47															
Asia (72)	364.58	0	339.15	398.12	476.92	364.58	0.8	1.30	364.58	-339.15	398.12	476.92	476.92	476.92	476.92	476.92															
Europe (34)	454.99	0	451.17	359.96	526.22	419.80	0.3	1.84	447.43	-451.17	359.96	526.22	526.22	526.22	526.22	526.22															
Pacific Basin (72)	112.05	0	102.12	85.04	119.12	87.55	0.7	1.44	112.05	-102.12	85.04	119.12	119.12	119.12	119.12	119.12															
Pan-Pacific (1445)	210.76	0	193.99	161.48	226.14	200.30	1.1	2.16	210.76	-193.99	161.48	226.14	226.14	226.14	226.14	226.14															
Asia with Americas (72)	412.77	0	222.19	243.34	408.18	317.35	0.4	1.26	412.77	-222.19	243.34	408.18	408.18	408.18	408.18	408.18															
Europe with Americas (72)	202.52	0	193.99	243.34	408.18	317.35	0.4	1.26	202.52	-193.99	243.34	408.18	408.18	408.18	408.18	408.18															
Europe Ex. UK (24)	-105.31	1.2	61.41	76.13	106.83	102.21	1.4	2.28	99.15	-105.31	76.13	106.83	106.83	106.83	106.83	106.83															
Europe Ex. Eurozone (208)	-96.98	0	97.47	72.84	102.03	96.98	1.1	1.42	97.47	-97.47	72.84	102.03	102.03	102.03	102.03	102.03															
Europe Ex. Japan (27)	-187.70	0	187.70	187.70	145.56	145.56	0.8	1.00	187.70	-187.70	187.70	145.56	145.56	145.56	145.56	145.56															
Europe Ex. Japan (1518)	-187.70	0	100.11	83.37	115.76	109.33	0.9	1.49	106.97	-99.92	82.57	114.54	108.13	108.13	108.13	108.13															
Europe Ex. US (2628)	-212.30	0	193.04	161.13	226.09	187.05	1.0	1.88	212.30	-193.04	161.13	226.09	226.09	226.09	226.09	226.09															
Europe Ex. US (2058)	-308.18	0	269.80	228.92	377.62	279.94	0.8	1.41	308.18	-269.80	228.92	377.62	377.62	377.62	377.62	377.62															
Europe Ex. Japan (1819)	-621.70	0	384.22	326.05	440.39	417.82	0.8	1.80	621.70	-384.22	326.05	440.39	440.39	440.39	440.39	440.39															
World Index (2200)	-214.22	0	228.19	240.00	336.17	287.82	0.9	1.53	214.22	-228.19	240.00	336.17	336.17	336.17	336.17	336.17															

Source: Reuters, Bloomberg, and other financial data providers. All figures are in US Dollars unless otherwise specified. Data is subject to change without notice.

Warburg chief resigns as UBS exerts control

De Gier quits after parent restricts investment bank

By William Hall in Basel

Hans de Gier, chairman and chief executive of Warburg Dillon Read, yesterday resigned from the London-based investment bank following a move by its Swiss parent UBS to curb its risk profile.

Mr de Gier's departure will be seen as ending attempts by UBS, Europe's biggest bank, to compete with the big US "bulge bracket" investment firms.

It follows weeks of speculation that he was unhappy with UBS's plans to turn Warburg Dillon Read into a more "narrowly defined investment bank". UBS, which announced 1998 net profits of \$7.3bn (\$2bn) yesterday, said that Warburg Dillon Read's 1998 performance had been disappointing but in line with industry trends.

Mr de Gier's departure comes less than a year after UBS's merger with Swiss Bank Corporation and is the second

big management reshuffle in less than six months. Last October, Mathis Cabiellavetta, UBS's chairman, and three other executives quit after a breakdown in risk management systems.

Mr de Gier, 54, a veteran London banker, told staff that investment banking was increasingly a "young man's game" and he wanted a change. Markus Granziol, 47, a former member of the Swiss National Bank and global head of equities at Warburg Dillon Read, replaces him.

Marcel Oepel, UBS chief executive, stressed that UBS did not want to "clip the wings" of Warburg, Europe's leading investment bank, but wanted to refocus its business and reduce its risk profile. UBS planned to nearly halve the capital employed in WDR, to around \$7.7bn, and leave areas such as commodity trading, project finance, non-structured asset-backed finance and distressed debt trading.

Peter Wuffli, 41, UBS's chief financial officer, takes over from founder Gary Brinson as chief executive of UBS Brinson, the fund management business which has been performing badly. Mr Brinson becomes chief investment officer.

Simon Marshall-Lockyer, of BT Alex Brown, said that the latest changes were sending a confusing message to investors. What UBS needed was a period of management stability. Marcel Oepel, UBS's chief executive, said yesterday that the latest changes had been planned for a long time and were part of an orderly management succession. UBS shares fell \$7.15 to \$74.80 yesterday.

UBS said that after stripping out special factors its net profit fell 10 per cent in 1998. It said it expected "significant profit growth" in 1999.

Transatlantic year for Warburg, Page 23; See Lex

Russian tariffs threaten Ikea's expansion

By Tim Burt in Stockholm

Ikea, the world's largest furniture retailer, yesterday warned that plans to build as many as eight superstores in Russia were being jeopardised by customs and import duties.

The Swedish company, which is building a \$1.8bn (\$187m) retail park outside Moscow, has told the Russian government that "prohibitive" duties on imported furniture would force it to reconsider its expansion strategy. "If the government does not agree to make concessions it would make the whole Ikea concept impossible in Russia," said Lennart Dahlgren, the company's manager for Russia.

In most markets, the privately owned group claims to undercut established furniture retailers by more than 20 per cent. But in Russia it has been told that products sourced outside the country will face duty equivalent to 20-30 per cent of the retail price. It will also have to pay import tariffs based on the weight of every item of furniture. "On some of our best-selling products, like wooden chairs, this [weight] tariff could be 200 to 300 per cent," Mr Dahlgren said.

Ikea executives have been discussing the issue with Russian authorities for two and a half months. A decision on concessions is expected at the beginning of April.

The company has offered to pay the customs duties if the authorities agree to waive the weight charges. "If we fail, Ikea prices in Russia will be much higher than anywhere else in Europe," said one company official. "That would mean that our customer target group would be restricted to the rich."

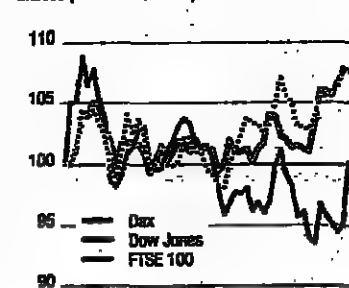
Mr Dahlgren said the group would seek to source more of its furniture from Russian factories and had invested \$50m to help manufacturers upgrade their plants. "Initially, we think we will only be able to source 10 per cent of what we need domestically," he said.

Ikea's expansion into eastern and central Europe has been funded by estimated profits last year of \$1.6bn on sales of \$1.6bn.

THE LEX COLUMN

Dax delirium

The Dax emitted an unruly whoop for joy at Oskar Lafontaine's resignation from Germany's finance ministry. But yesterday's 5 per cent rise still only takes it back to a shade over 5000, roughly where it started the year and 18 per cent below last year's peak. Its underperformance against the UK and US markets, both at record highs, is still in double digits this year. Given the unashamedly redistributive tax reform Mr Lafontaine championed, this subdued performance is all too understandable.



is no longer a growth business for UBS, can it be any surprise that the ambitious Mr Solo is off to explore opportunities for UBS in Silicon Valley?

With UBS's results yesterday showing a loss at WDR of over \$7.1bn at the pre-tax level, morale could be higher. True, responsibility for the bulk of that loss lies with "legacy UBS" decisions, such as the ill-fated investment in Long Term Capital Management. But with fewer resources now coming WDR's way, the fear is that it will never join the bulge bracket under the new ultra-conservative UBS regime.

The departure of Mr de Gier - said to be for personal reasons only - should make UBS question that strategy. As capital continues to pile up, UBS is right to consider a chunky buyback. But to allow WDR to slip down investment banking's league tables, as it gets starved of risk-taking capital, would betray a lamentable lack of ambition.

US equities

Having gained 600 points in six trading days, the Dow Jones Industrial Average is teetering on the brink of 10,000. Despite a profit warning from Caterpillar - a Dow constituent - and a sharp drop in Oracle after poor results, most Wall Street observers expect this landmark will soon be reached.

That will certainly be an historic moment. Whether it will be significant is less certain. Its effect on market psychology is unclear - it may even prompt some profit taking. But most serious investors pay more attention to the wider S&P 500 index. This has risen around 5 per cent this year and 9 per cent since its July 1998 peak, ahead of Russia's default. On the face of it, this relatively

modest increase is easy to justify. The continued strength of the domestic economy is good for corporate profits. Inflation remains dormant, as shown by yesterday's steep fall in February's producer prices. And interest rates have been cut by 75 basis points since last autumn.

There are two problems with this rosy picture. First, at these levels all the good news on inflation, savings and lower risk premiums is already amply priced into equities. Second, there is a real risk of the Federal Reserve tightening monetary policy, perhaps sooner than expected.

The real test for the US stock market in 1999 will not be passing 10,000 on the Dow, but how it reacts to higher interest rates.

Internet stocks

Location, location, location. Companies, like homeowners, want to be seen with the right neighbours. Brushing shoulders with exciting companies in a fashionable part of an index - such as the forthcoming FTSE internet sub-sector - will not change a business's fundamentals. But it is not hard to imagine the queues of companies trying to win a coveted internet address from the FTSE classification committee.

If UK investors behave with just a fraction of the frenzy their US counterparts have, there are fortunes to be made.

A dose of realism is needed here. The tiny internet sector - starting life with seven constituents - will not include some big UK internet names. Dixons is one of the largest internet service providers, but will remain a retailer. The UK's version of Amazon.com may be buried within an already well-established company. So investors slavishly following index fashions may end up knocking on the wrong doors.

The internet is transforming so many businesses that defining its scope is like plucking jelly to a wall. Is a company an internet stock because it uses the internet to distribute its goods or because its products contribute to the internet "architecture"? The FTSE classification rules will probably side-step the realms of philosophy. Only those companies which derive enough profits or revenues "from" the internet will be admitted into the sub-index. Tight enough rules should exclude companies whose internet strategy amounts to the words ".com" and a couple of computers.

Microsoft restructures to focus on customers

By Louise Kehoe in San Francisco

Microsoft, the world's biggest software supplier, is restructuring its management team to focus on customer needs rather than products. It is expected to announce the changes this month.

Microsoft is organised into product groups. Including its Windows operating systems group, Office products group and another group focused on online services.

This structure is expected to be replaced by four groups focused on the needs of consumers, knowledge workers, information technology professionals and application software developers.

Behind the reorganisation is an effort headed by Steve Ballmer, Microsoft president, to react more quickly to changing market trends.

The requirements of Microsoft's customers vary greatly. Consumers seek easy-to-use programs and are generally

not averse to frequent product updates. IT professionals, on the other hand, are reluctant to update software frequently and look for products that can be distributed quickly and require minimal support.

"Knowledge workers" professionals and office workers want sophisticated functions and abhor glitches that interrupt their work, while developers want early access to prototypes of new software, even if there may still be bugs to iron out.

Several other high-technology companies have attempted to structure their operations around market groups with mixed results. Digital Equipment adopted this approach in the early 1990s, but abandoned it as too unwieldy before being acquired by Compaq Computer.

One of the anticipated results of the reorganisation is that new product releases will be more frequent as different

market groups adapt them for particular sets of customers.

Currently, the release of a new version of one of Microsoft's core products, such as Windows or Office, is widely anticipated by all customers as well as by Wall Street. Under the new structure, the release of any single product release could be diminished.

It is not yet clear what impact the restructuring will have on Microsoft's marketing and advertising, but greater divergence can be anticipated as the market groups come to grips with the needs of their customers.

The reorganisation is not believed to have been prompted by the US justice department's antitrust case against Microsoft. However, the move might make a break-up of Microsoft easier if the federal judge hearing the case imposes a "structural remedy" on the company.

Microsoft in China, Page 7

Companies in this issue

Asia	23	Fujitsu	5	Regent Inns	22
BNP	23	Hitachi	5	SFI	22
BP Amoco	17	Ikea	24	Shell Transport	17
BT	17	JCB	22	Shire Pharm	22
BWA	22	Lasmo	22	Sociedad General	22
Cabot Square	22	Lloyds TSB	17	Swire Pacific	22
Caterpillar	22	Microsoft	24	Tay Homes	22
Compaq	24	Mitsubishi	5	Telewest Comms	17
Corporate Services	17	Monsanto	23	Tractor Network	22
Cortec	22	Orange	17	Tyco	22
Dalva	22	Paribas	23	UBS	22
Digital Equipment	24	Perseus	22	Viac	22
DuPont	23	Pioneer Hi-Bred	23	Vodafone	17
Enterprise Oil	22	Reed International	17	Volvo	22
				WDR	22

Markets Latest

FTSE 100:	5099.2	(-53.8)
Yield	2.58	
FTSE Europe 300	1259.98	(+0.08)
FTSE All-Share	3384.74	(+0.54)
Nikkei	16,488.84	(-13.28)
New York Composite	8671.38	(-28.08)
S & P Composite	1280.47	(-7.21)
LONDON MONEY		
3-mo Interbank	5.5%	(6.5%)
Life long gilt (4%)	116.84	(116.54)
US LUNCHTIME RATES		
Federal Funds	4.5%	
3-m Treasury Bill	4.89%	
Long Bond	5.65%	
Yield	5.65%	
NORTH SEA OIL (Aquis)		
Brent Dated	912.91	(11.91)
GOLD		
New York Comex	329.2	(294.7)
London	329.175	(294.05)

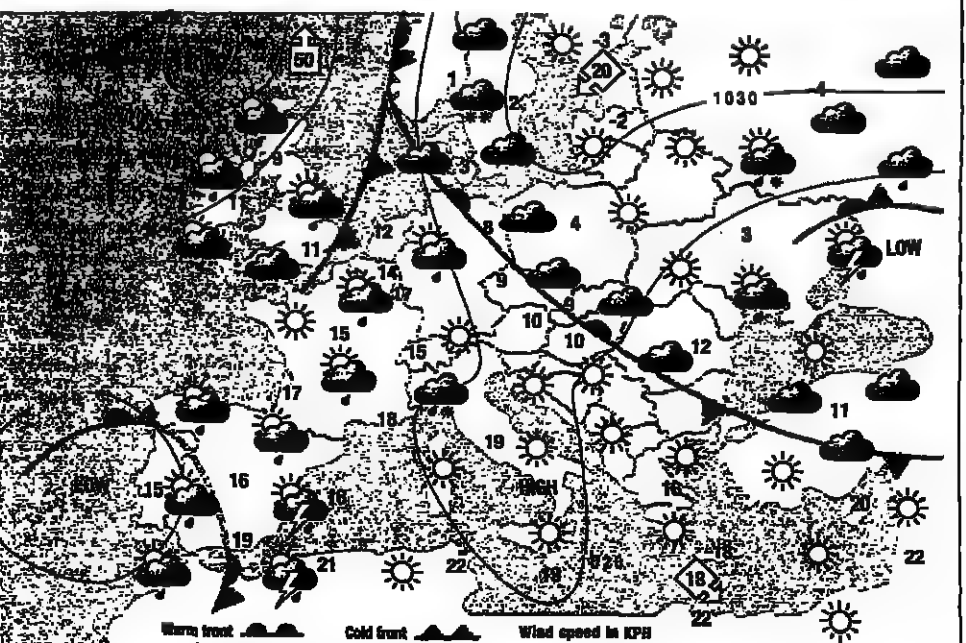
Weather

Europe today

Eastern Europe will be cold with widespread sub-zero temperatures but it will be mainly dry and sunny. Western Europe will be milder but cloudy with showers and snow over the western Alps. Central Europe will be mostly dry with long sunny periods. Sun will edge into Brittany. The Iberian Peninsula will be unsettled with showers, some thundery. The western Mediterranean will have thundery showers. The central and eastern Mediterranean will be sunny and very warm.

Five-day forecast

Two large areas of high pressure will join to give much of western, central and southern Europe a settled spell with sunshine. It will be warm but some areas will have overnight mist and fog patches. Eastern Europe will stay cold but dry because of high pressure.



Situation at midday. Temperatures maximum for day. Forecasts by PA WEATHERCENTRE

TODAY'S TEMPERATURES

Madrid	Barcelona	Paris	16	Cardiff	Fair	20
Celestin	Berlin	Shower	11	Cardiff	Fair	10
Abu Dhabi	Paris	29	Chicago	Shower	Sun	19
Alger	Belfrage	Sun	13	Colonia	Sun	16
Alger	Berlin	Cloudy	8	Dakar	Fair	23
Amsterdam	Buenos	Shower	18	Dallas	Fair	19
Athens	Bugeta	Cloudy	19	Dalh	Sun	30
Astoria	Bombay	Sun	31	Dubai	Fair	26
B. Aires	Buenos	Shower	15	Dublin	Fair	18
Buen	Budapest	Sun	10	Edmrich	Sun	18
Frankfort	Paris	Fair	3	Edinburgh	Fair	16



Musical warpath
Genuinely deep or
a vehicle for ego?
Page VI



Golden gloves
Lewis takes on
the heavyweights
Page XXII



A space oddity
Getting to know
Chanel's 2005 bag
Page XI

Putting freedom to the torch

Has the fourth estate been taking liberties with the public interest, asks John Lloyd



American journalism claims to hold up to the light the inner workings of the world's only superpower. It is thus of vast importance to us all. And it is being convulsed by a debate which is happening, or is about to happen, in every country in the world with a free media.

The debate is about freedom: it is also about whether the media in the US – or anywhere – now really do their traditional duty of holding power to account; it is about what constitutes the public interest. In particular, it is about whether the public interest includes private ideas.

At its core, there is an image – of a dark blue dress stained with presidential semen, worn and prudently kept uncleaned by Monica Lewinsky. It haunts, not just the debate, but also Joseph Lelyveld, executive editor of the New York Times.

"I often think," he says, rueful in his office, "that Abe Rosenthal [his predecessor] got the Pentagon Papers [the vastly revealing leak in 1971 of confidential material on the conduct of the Vietnam war] while I got the stained dress."

Also at the core of the debate is a fear: the kind of journalism which wins Pulitzer prizes and gets peer-group admiration is now under such sustained attack – including from within – that it is not going to survive. A style of instant history which developed in the 19th century and flourished in the 20th may not be serviceable in the 21st.

Earlier this month, in New York's Greenwich Village, a very American event was held. The Journalism faculty of New York University had drawn up, with much toil and discussion, a list of the 100 best pieces of journalism this century. Mitchell Stephens, the dean of the faculty, said that "the 20th century was one which understood itself through journalism", and then displayed the best and the brightest of those pieces which – in his and his colleagues' minds – best explained America to Americans.

It was a liberal's roll of honour: a tribute to perseverance, zeal, style, but above all to the itch to know more, to take nothing for granted, to interrogate power. From Ida M. Tarbell's exposure of Rockefeller's piratical Standard Oil Company between 1902 to 1904 to Woodward and Bernstein's uncovering of Watergate in 1972-73, here was a torrent of words which had one overriding justification; this, it was claimed, was "What is Really Happening".

One became aware of the huge volume of sheer fact which had been published in the name of the public interest, of how much of America, or the image Americans (and others) have of America, is contained in that list.

Carl Bernstein turned up to acknowledge that he was still being honoured after all these years. He made a few conventional remarks, then said: "There is not much TV on that list [it was less than

10 per cent]. We have had the greatest communications tool ever for half a century, and we have not used it to anything like its capacity to tell our stories."

Bernstein had worked in TV after leaving the Washington Post, and had put his finger on the sorest point. Of the handful of TV correspondents honoured on the list, most were either dead [Edward Murrow] or veterans [Morley Safer, who had exposed US atrocities in Vietnam in the 1960s].

The people at the event feel bad about TV now; the old anchors, such as Walter Cronkite, have gone, to be replaced with a raucous babble of channels, less foreign news, more talk – or rather shouting.

Nell Postman, a scholar of, and writer on, the media in New York, says in his book

became – would the president have the ability to finish his term of office? He was hanging by a toenail; one more revelation could have done it."

In order to cover the issue, the New York Times had both to report on and find out more about sex. It had to point out where and when the president lied.

It has, in its opinion page editor Howell Raines, a journalist who has been no less exercised by Clinton's misdeeds over the years of his presidency than the conservative writers and lobbyists who hate and cannot get rid of him; and in Maureen Dowd, a columnist who relentlessly zeroes in on the personal, using it to explain the political. The good, grey New York Times has changed with the times.

Dowd's column, and much

encouraging the latter to take the former's concerns seriously. The initiative is implicitly based on an apprehension of failure – a failure bred from excess.

"I spent most of my life as an investigative reporter," says Nelson. "I thought it was the greatest thing in the world to be. But we've spent so much time investigating that we have allowed it to go too far. We give no answers."

"Journalists," says Barney Frank, a Massachusetts Congressman, "celebrate failure and ignore success. Nothing about government is done as incompetently as the reporting of it."

This is now a common view. Both Clinton and UK prime minister Tony Blair, or their staffs, have excoriated the negativity of their national media and sought

a fundamental division between liberal and conservative in the media, this is it.

Lelyveld says: "I will be dragged kicking and screaming into following this trend. Above all, I recoil from journalists acting as the moral censors for society."

On the other side, Marvin Olasky, a conservative political scientist and Christian news magazine editor, has just published a book, *The American Leadership Tradition*, which equates good presidency with sexual fidelity.

Conservative politicians have already taken up the challenge implied in this approach: Dan Quayle, the former vice-president under Ronald Reagan who is a possible contender for Republican nomination himself, has pronounced that he has never been unfaithful.

The affect is to give religious sanction to the pursuit of snot – a necessary benediction in a country still as observant of religion as the US.

At the same time, a culture of celebrity and of sexual expression in a country sated with steadily rising material contentment has produced a steady desertion of the middle classes from public life to private pleasures – so that politics itself, to be comprehended at all, must be wrapped in itself and frilly underwear.

"This great pity," wrote Voltaire, in his *Letters on England*, "that your nation is overrun with such prodigious numbers of scandals and scurrilities! However, one ought to look on them as the bad fruits of a very good tree called liberty."

This is the ultimate argument for journalism which offends elite taste: that in its vulgarity it expresses freedom. The argument now being put is that it has gone so far as to destroy, or at least damage, the tools by which freedom is sustained.

The debate is also about whether the media in the US – or anywhere – now really do their traditional duty of holding power to account

Amusing Ourselves to Death that "the content of politics, religion, education and anything else that comprises public business must change and be recast in terms suitable to television. Television's conversations promote incoherence and triviality; the phrase 'serious television' is a contradiction in terms and TV speaks in only one persistent voice – that of entertainment."

At the New York Times, Lelyveld says: "TV is so much under pressure to be instant. I watched CNN's coverage of the Starr report; a reporter had grabbed the report, hadn't been given time to read it, and was blurting out raw excerpts live, on air, including the sexual details, not believing what she was saying even as she was saying it."

TV is also CNN covering events live hour after hour: it is C-Span, giving gavel-to-gavel coverage of the House and the Senate and the committees; and it is talk and shouts and screams and weeping and laughing from the public, who have been encouraged to splutter their emotions and postures and pain across the screen.

Television has worked in two ways: it has served up events to the people direct and largely unmediated; and it has given the people to the people – or at least a version of them. Interpretation has been squeezed into 30 seconds, or forced to glitz itself up to grab attention from the other 20, or 50, or 100 channels.

Everyone is now in the muck. Lelyveld, asked about the New York Times' coverage of Lewinsky, was at first defensive, citing a 30,000-word series on the economy which had run in late February – at the same time as the front page and much of the rest of the news space was given over to fellatio.

"We ignored Clinton's sex life for six years. You can still debate whether or not the law should have permitted an investigation of his sex life – but that ceased to be the issue. The issue

of the TV shout-show culture, is the media's catch-up with the 1960s slogan that "the personal is political". The most successful political magazine to be launched in the 1990s (1995) was *George*, the brainchild of, and edited by, President Kennedy's son, John F. Kennedy Jr. It deliberately mixes sex with celebrity with politics ("20 most fascinating women in politics"; "Top 10 Glamorous White House Weddings").

Kennedy believes that politics cannot be packaged except through glamour and the personal detail; he has more than 400,000 readers to prove him right to his own satisfaction – against fewer than 100,000 for the weekly, long established and prestigious New Republic. George – as Maureen Dowd has remarked of it – does not interrogate power; it is complicit with it.

This, according to Harold Evans, is the deepest malaise. Evans was the British editor of the 1970s and 1980s because of his inspired editorship of the *Sunday Times* – a paper whose investigative reporting largely followed American models. He is now editorial director of the Zuckerman publishing group which includes the New York Daily News, US News and World Report, and *The Atlantic*.

In his office, perched above the (tabloid) News, Evans says that journalism has been defecting from its main task of calling power to account in favour of revealing scandal.

"Watergate," he says, "gave American journalists a halo. People would trust journalists, and honour them. Now, the coverage makes them angry. There was a culture of investigation, but now it's without purpose; in its stead, there is a culture of inquisitiveness."

But it was Evans who once famously told his reporters that they must always ask themselves one question when interviewing a politician: "Why is this bastard lying to me?" It was the logical extension of that aggression, that assumption of bad faith, which underlay the energy put into revelation from the 1970s on, and which underlies it still. It gives a halo, as Evans said, to journalism; it also gave a hatred.

Jack Nelson also won a Pulitzer – in 1980, when he revealed the hideous conditions at a Georgia State mental hospital for the Los Angeles Times. He later became that paper's Washington bureau chief. Now, Nelson heads an initiative called *Clive Journalism* which arranges debates between citizens and editors,

to circumvent them by unmediated appearances or talks with regional editors.

Liberal journalism's investigative zeal – seen by conservatives as genetically skewed against politicians of the right – has been challenged and now imitated by conservatives. Clinton has had against him a much more aggressively hostile conservative media, whose revelations – some substantial, some ill-founded – were at first derided but later often reprinted or re-broadcast by many of the mainstream media. The conservatives had learned the liberals' game; the news became fiercely partisan, and remains so.

At the root of the conservative vision is the view that the private man or woman's sins are a mirror of their public behaviour, and that they should be held to account for them. If there is



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BODY AND MIND

THE NATURE OF THINGS

Multiple fathers bring out the best

Clive Cookson finds an indigenous tribal belief that children can have more than one man as their 'Dad' is under siege from the west

Since ancient times, mainstream European and Asian societies have accepted that a child has only one biological father. But until the late 19th century, when biologists proved by microscopic observation that just one sperm and one egg contribute to each baby, this view was little more than a folk belief.

Anthropologists are discovering that a significant number of indigenous societies hold an alternative view, known as partible paternity. They believe any man who has sex with the mother just before or during pregnancy contributes biologically to her child.

Stephen Beckerman, anthropology professor at Pennsylvania State University, says we should not feel smug about our wisdom. "It was just a lucky guess that western folk biology was correct."

Partible paternity turns out to be the prevailing view among native peoples in the lowland forests and savannahs of South America. It is also held by some tribes in New Guinea, central Africa and south Asia.

In its extreme form the belief holds that multiple fathers are essential for successful reproduction. William Crocker of the Smithsonian Institution in

Washington, who has studied the Canela people of Brazil, says women "believe it takes numerous ejaculates, inserted into the womb through sexual intercourse, to create a viable foetus in her that will be born alive."

"In addition, they believe that the [child] will grow to express the characteristics of the men who contributed the most semen. Thus a pregnant woman seeks affairs with the men besides her

Extramarital sex is obligatory among the Canela and all babies have recognised 'other fathers'

husband whom she wants her foetus to be like," Crocker says. In other words, extramarital sex is socially obligatory among the Canela and all babies have recognised "other fathers" besides their

miscuity is not necessary to produce healthy babies, so some children have only one father; but when other men do contribute sperm during pregnancy, their biological role is recognised as "lesser fathers".

The discovery that partible paternity is widespread among stable well-functioning societies has persuaded some anthropologists to reject the conventional theory of the way the human nuclear family evolved. This was supposedly based on a "food for fidelity" bargain: men feed and look after their family, on the understanding that the women bear children for no one else.

Beckerman studied two South American peoples, the Bari and Aché, where some children had a single recognised father and some had more than one. The latter had markedly better survival prospects: 80 per cent of children with secondary fathers lived to the age of 15, compared with 61 per cent of those with one father.

When food is short, sex with multiple partners during pregnancy may help ensure good foetal nutrition because the men bring edible "courting gifts". And while the child is growing up, secondary fathers provide additional food and protection.



Evolutionary advantage: among the Bari tribe, where a child can have either one or multiple fathers, the chances of survival are increased by the latter

tion. The evolutionary advantage enjoyed by children with more than one recognised father seems to knock the "food for fidelity" idea on the head, Beckerman says.

Kristen Hawkes of the University of Utah proposes a different view. After studying the Aché in Paraguay and then the Hadza in Tanzania - two remarkably egalitarian societies in which families receive equal shares of meat when men return

from the hunt - she suggests that monogamy and nuclear families evolved as a way to cut the costs of men fighting one another for access to women.

As proto-humans developed weapons, the toll of injuries and deaths would have become unacceptable if men and women had not paired off in acknowledged couples.

The anthropologists say partible paternity appears to reduce sexual jealousy.

When babies are expected to have multiple fathers, adultery does not carry western-style connotations of betrayal. But even among the Canela, where the social culture prohibited any expression of jealousy, Crocker found that some men and women had suppressed feelings of jealousy.

Although partible paternity has been known for 50 years, "it is only in the late 1990s that anthropologists have begun to collect the

data needed to explore its implications for the evolution of our species and for the nature of humanity," Beckerman says. "We should know a good deal more within the next five years."

As the scientific study gets under way, partible paternity itself is disappearing under pressure from western ideas of science, health and morality. Levels of promiscuity that carry little health risk in isolated tribes

become dangerous when contacts with the outside world bring in different sexually transmitted diseases.

Crocker says various factors, ranging from the Brazilian government's "intrusive Indian agents" to the arrival of manufactured goods, have already almost destroyed the extensive extramarital sex system of the Canela. It is sad to see another aspect of indigenous culture being destroyed by the western onslaught.

Plastic that is not necessarily so fantastic

The results of cosmetic surgery can be dramatic. But, says Victoria Griffith, none of the procedures should be entered into lightly

A 60-year-old bank vice-president in Georgia was laid off from work and getting nowhere in his search for a new job. He felt his age was a disadvantage. Two months after a facelift, he found a new vice-president position.

A salesman from California was being pestered by his bosses to take a holiday. One even implied he might have a drinking problem. At 50, he felt great, but the bags under his eyes made him look tired and angry. After having the bags surgically removed, he was promoted.

A 45-year-old female executive in California felt her toes were being stepped on by an energetic younger woman who coveted her job. After the executive got a facelift and eyelid surgery, the other woman ceased to pose a threat.

Once the domain of movie stars, wealthy socialites and teenagers, plastic surgery is increasingly sought to combat age discrimination or boost a flagging career. Last year in the US alone, physicians performed 2.76m cosmetic procedures, an increase of 4 per cent on 1997, according to the American Society for Aesthetic Plastic Surgery. About 11 per cent of patients are men.

The benefits of cosmetic surgery can often be dramatic. Richard Greco, a prominent plastic surgeon in Savannah, Georgia, says he decided to specialise in the field after seeing a retiring female family member blossom into a gregarious belle

after a breast enlargement operation. "Most of the time it's how you feel rather than how other people see you that's making the difference," he says. "But that added self-confidence can be powerful."

Yet the rise in popularity of plastic surgery has its dark side. Patients and their doctors are becoming more ambitious in their quest for physical perfection, with sometimes deadly consequences. In March 1997, a 41-year-old woman died at the Irvine Medical Centre in California after an operation to remove fat (liposuction) and a facelift. A judge ruled that the physician had given her too much replacement fluid. Last year, a 51-year-old Florida man died after a penile enlargement and liposuction. An autopsy found complications from the surgery were at least partly to blame.

While deaths are rare - occurring in about one in 100,000 procedures - doctors believe too many patients are unaware of the risks they confront. "Plastic surgery has horrendous pitfalls as well as benefits," says Mark Gorney, executive vice-president for the Doctors Company, which underwrites the risk of medical malpractice, and former president of the American



Jocelyn Wildenstein: two facelifts may help you look younger, five may make you look odd

Society of Plastic and Reconstructive Surgeons (tel +708 235 9300).

Serious medical problems - including infection, allergic reactions, blood clots and heart attacks - may be triggered by surgery. Patients also risk cosmetic mess-ups: a hopelessly out-of-place nose job, a lop-sided liposuction, a too-tight facelift or terrible scarring.

"When I go to the opera, I

look in my glasses at the ladies, and I can tell who's overdone the plastic surgery," says Gorney. "Their faces look hopelessly set, as if they were blocks of ice. They have a look of constant surprise from too many facelifts."

How do patients avoid becoming a victim of plastic surgery? Doctors suggest:

□ Be realistic. While some people say plastic surgery

changes their lives, a breast enlargement will probably not save a failing marriage, and liposuction is unlikely to turn you into a fashion model. Good cosmetic surgeons know this and try to screen out patients whose dreams are too lofty.

Gorney says he refuses to operate on a quarter of the people who come into his office. A physician's lack of concern for your personal

expectations is a red flag. "With no in-depth interview about your motives, I'd leave the office," says Jack Bruner, a plastic surgeon in California. "I'd also be very wary of any doctor who says things like: 'I'll make you beautiful.'"

□ Make sure the physician is qualified. Every country has different standards. In the UK, anyone claiming to be a plastic surgeon must, by law, be trained in cosmetic surgery. That's not the case in the US, where family doctors may try their hand at such procedures with no extra training. Try to find out how long the doctor has been a cosmetic surgeon and how many times he or she has performed a particular procedure. Talking with former patients may help, although it's best to be cautious - even bad plastic surgeons probably have at least a few happy customers.

Checking malpractice records may be informative, but remember that all plastic surgeons are sued from time to time, particularly in the litigious US. "A lot of plastic surgery patients are not terribly stable emotionally," says Greco. "We try to screen them out, but that's not always possible."

□ Be wary of doctors who are willing to perform many

procedures at once or conduct marathon sessions, particularly if the operation is not being done in a hospital. A nose-job plus a facelift is probably reasonable. Liposuction plus a nose-job and facelift is not. And more than 10 hours of surgery is too much.

"I'm tired after four hours of surgery, and I suspect most physicians are," says Rod Rohrich, chairman of plastic surgery at Southwestern Medical Centre in Dallas.

Serious problems - including infection, allergic reactions, and blood clots - may be triggered by surgery

las. "You have to be careful of long operations. They are hard on the patients as well as the doctors."

As a result of deaths after liposuction operations, the medical board in California ruled that no doctor should remove more than 10lb of fat without the patient spending the night in a hospital, for instance.

□ Don't be too ambitious. Two or three facelifts may

help you look younger. Five will likely make you look odd. If you don't feel the physician has quite crafted the nose of your dreams, leave it alone. Chances are the next operation will just make things worse. "There's a point at which cosmetic surgery starts to look unnatural," says Gorney. "It's too easy to go over that line."

While following these rules can reduce the chances that something will go wrong, there is no way to eliminate totally the hazards of plastic surgery. Some people, for instance, are genetically more likely to bear horrible scars even after a minor operation, and it is next to impossible to identify these patients ahead of time. Medical complications, such as infections, blood clots and allergic reactions occur, on average, in one out of 100 plastic surgery procedures.

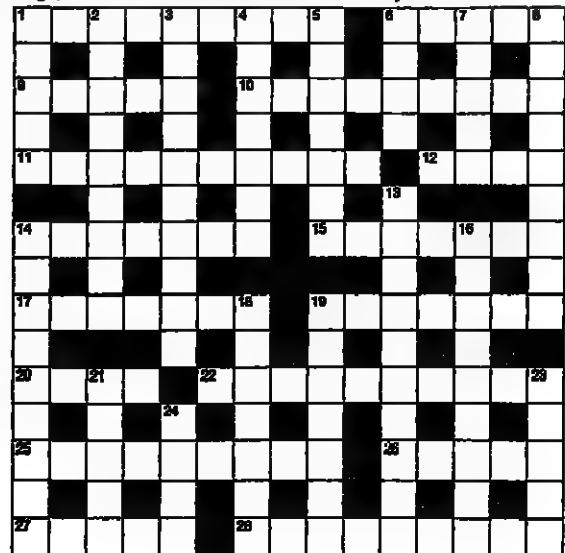
With so many risks to be found on the operating table, it may be surprising that so many patients are eager to try cosmetic surgery. Yet increasingly, people in all kinds of professions are judged on their appearance. Attention to physical appearance means plastic surgery is likely to grow even more popular in coming years. "Cosmetic surgery is a wonderful luxury," says Greco. "It makes us feel good and helps define the way we are seen in society. You just have to follow a few common sense rules."

■ British Association of Cosmetic Surgeons, 0171-323 5788

CROSSWORD

No. 9,937 Set by CINEPHILE

The prize of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ebru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions by Wednesday March 24, marked Crossword 9,937 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8HL. Solution on Saturday March 27



Name: _____ Address: _____

WINNERS 9,937: R.J.R. Budden, Chichester, W. Sussex; P. Gregson, London SE21; Mrs T.B. Boman, London SW7

Crossword sponsored by: **Abels International Moving Services**

Crane's SINCE 1801

ACROSS

- Coloured plate with black and white notes (9,5)
- Peer taken from the quality (5)
- A lot of soldiers carry mops, strangely (4,5)
- Battle for the presidency - this will carry (5,5)
- See 6 down
- Filler displaying conceit and in fashion (7)
- Particle sounds like Gling-rich and Reagan (7)
- Democratic or aristocratic in tree (7)
- Tough guy saying "Make the tea, teacher" (7)
- See 21
- High time to be here! (5,5)
- Companion is entering a member that causes chaos (9)
- Multipled by 10 many times! (5)
- French for "Golden solver" - or royal Welsh? (5)
- Wrongdoing is traditional at extremes on the left (5)

DOWN
1 Accompaniment of mustard and water (5)
Solution 9,930

CRACKDOWN PAUSE
OUTRAGED
OFTEN TIGHTROPE
ELEGANT
SYMPATHY MENU
SATISFIED
SALAD
ANGUISH
LEGION
LEISURE
WATCHDOG
GAMUT DISORIENT

BRIDGE PAUL MENDELSON

The joys of rubber bridge are many, but the greatest is perhaps the simplicity of your task: to make the contract or to break it - without any worry of overtricks or what might have happened in another room.

North South
1C NB 1D NB
1H NB 1S NB
3C NB 3NT

Dealer: N N/S Game

South's 1S was Fourth Suit Forcing asking his partner to describe his hand further. With a stopper in the fourth suit you normally rebid no-trumps, but North emphasised his clubs, and South bid the game. West led 6♣ and declarer won in hand. He then led J♠

BRIDGE PAUL MENDELSON

and finessed, East ducking. South continued with 10♠ and West discarded 5♥. Indicating no interest in the suit, East took his K♠. East did not automatically return a spade, he counted tricks: if West held A♥, then he should return 7♥ to establish the suit while West still held a vital entry.

But if South held A♥ - as West was suggesting - then declarer had 10 or 11 tricks unless the defence could take the next four. Convinced this was so, East switched to J♣. West would need a miracle diamond holding to take four tricks, but it was the only chance. When South saw J♣ hit the table, his face fell, and East knew at once that he had struck the killer blow.

East reasoned well here, but to assist the less gifted, West might drop 2♣ on the second club. A standard suit preference - or McKenney - signal, this would indicate, crucially, that he did not want the standard spade return.

Choosing the lowest card would ask instead for the lower ranking suit - diamonds - and now even an average East might find the expert J♣ switch.

CHESS LEONARD BARDEN

For the second time in a month, Garry Kasparov has dominated a great tournament and proved himself a true world champion.

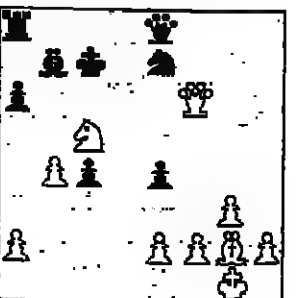
Kasparov's victory this week at Linares, Spain, was even more impressive than at Wijk aan Zee where he was only narrowly ahead of Vishy Anand. At Linares, India's world No 2 was eclipsed, bogged down by draws and missing a trivial saving move against Kasparov in the endgame.

Plans were afoot for a Kasparov v Anand match this autumn, but the International Chess Federation (Fide) may have finally scheduled its world knock-out for Las Vegas in July-August, increasing the pressure for its winner to be Kasparov's next opponent.

In London, Cambridge beat Oxford 5½-3½ at the RAC Clubhouse in the 117th varsity match, a fixture which Tony Buzan's Brain Trust will sponsor until 2010. Kasparov wants to play Oxbridge simultaneously soon. The best game in this year's match (D Moskovic v J Ounakine).

1 e4 e5 2 Nf3 e6 3 Bb5 Bc6 4 Bxc6 5 Bxb7 6 Bb5 7 Bc6 8 Bb5 9 Bc6 10 Bb5 11 Bc6 12 Bb5 13 Bc6 14 Bb5 15 Bc6 16 Bb5 17 Bc6 18 Bb5 19 Bc6 20 Bb5 21 Bc6 22 Bb5 23 Bc6 24 Bb5 25 Bc6 26 Bb5 27 Bc6 28 Bb5 29 Bc6 30 Bb5 31 Bc6 32 Bb5

1 e4 e5 2 Nf3 e6 3 Bb5 Bc6 4 Bxc6 5 Bxb7 6 Bb5 7 Bc6 8 Bb5 9 Bc6 10 Bb5 11 Bc6 12 Bb5 13 Bc6 14 Bb5 15 Bc6 16 Bb5 17 Bc6 18 Bb5 19 Bc6 20 Bb5 21 Bc6 22 Bb5 23 Bc6 24 Bb5 25 Bc6 26 Bb5 27 Bc6 28 Bb5 29 Bc6 30 Bb5 31 Bc6 32 Bb5



and a7 or to counter 1 Nxb7 Kxb7 2 Bxe4+ by Nc6. Wohl saw further, and his next few moves secured Bief's daily brilliancy prize-a free meal ticket. How did the game end?

Solution, Page XXII

John Miles

PERSPECTIVES

WEEKEND FT INTERVIEW

A clean, mean, screen machine

Louise Lucas meets a Hong Kong screen god with a sceptical eye on his home base

It sounds an intriguing way to spend a sun-blasted day: locked up in a bathroom with Asia's most combative sex symbol, barely a heart flutter away from his famously taut chest.

But this is Kowloon Tong, a swathe of suburbia in the densely populated peninsula across from Hong Kong Island. And Jackie Chan, who has wooed divas and acted alongside Hollywood's finest, is peering down the lavatory and jabbing at the door, translating into English "Jackie Chan's 10 rules of the toilet".

"A clean toilet is very important," enthuses the man billed as the fastest legs in the east, because of the athletic prowess he has displayed in a series of martial arts comedy-thrillers. "My staff know that."

Cleanliness, of course, is next to godliness, and Jackie Chan is a screen god in Hong Kong, Asia and now - after breaking through in Hollywood with *Rush Hour* - the world. He sits at the heart of Hong Kong's movie industry. Indeed, to many, he is the territory's film industry.

But the industry, which is ranked third worldwide in terms of number of films produced after Hollywood and Bombay, is in disarray. Like much else in pre-millennium Hong Kong, it is short of funds, ideas and energy. Buyers are also thin on the ground.

The overseas market is contracting, a process that is compounded by the continuing effects of the Asian financial crisis, while the home market is increasingly turning to foreign products.

Today's audiences, says Chan, will often have a choice at the cinema: a Chinese or American movie. "They automatically go to the American one. Now in Hong Kong, American films are going up and up. Why? Because they are good," he declares.

Last year, for the first time, an American film (*Titanic*) headed the charts in Hong Kong until it was topped by *Storm Riders*, a wannabe-Hollywood extravaganza of special effects and pretty boys.

"Everything's changing in Hong Kong," says Chan, shaking his Beethovenesque

mop of hair. "All Hong Kong films are terrible quality. Now they will take 13 days to make a film. Thirteen days! I did not even make one minute of a fighting scene in 13 days."

His rise to prominence was an equally gruelling process. Chan was born to mainland immigrants, who were so delighted at making it to the capitalist crucible that they named their son Kwong Sang, born in Hong Kong. ("Jackie" was added on a construction site in Australia where he found casual work: his mentor imagined the locals might find Kwong Sang a bit of a mouthful.)

After a childhood spent mainly at the exclusive Peak residence of the French ambassador, where his father was cook, and an abortive attempt at schooling, he was contracted to Yu Jim-yuen, a celebrated Peking Opera master. Yu, who died in 1986, was a tyrant by today's standards, seldom sparing the rod.

Chan's life from seven to 17 is a catalogue of knocks, canings and hunger. But Yu's harsh regime was the making of him, he says, and he seems genuinely put out that such treatment would not be allowed today.

"Now everything is 'human rights'. You cannot hit children any more. If you hit them, they sue you. There's too much freedom."

But now it is the once buoyant film industry that is suffering. "All those years, it seems like we are punishing ourselves. Because we are so

Hong Kong's film industry. More sinister threats remain. There are the triads. China's mafia, who have long used the film industry as a way of laundering their criminal gains: and the police, who - at the behest of the government - are

Kong becomes a sweeping canvas of sub-Americanism. "Right now, I'm looking at young kids. We don't have a culture. Even in China, they're listening to American songs, watching American movies, eating Pizza Hut, watching National Basketball Association, wearing Nike."

"When I'm coming back to Hong Kong I just feel so sad. I thought, I have to do something about the Hong Kong film industry. I cannot save Hong Kong's film industry: at least I can do the best I can. I'll make one action movie a year and see what happens. After that, I'm going back to America to make an American movie."

The government has sought to help the film industry with an HK\$100m (25m) award. ("It would not even make half my film; my last one was \$200m," he says, quickly adding that HK\$100m is better than nothing and that Tung Chee-hwa, Hong Kong's chief executive, cares about the industry.)

Chan laments the passing of Chinese culture as Hong

quick to break up filming and seldom close streets to help crews.

Now, some reckon, triads only appear in front of the camera, in such movies as *Triads in Causeway Bay*. "Triads?" laughs Raymond Chow, chairman of Golden Harvest, producer of Chan's movies. "They are no longer a problem because there is no more money in the business. It's very simple."

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that I made my first purchase. It was an Apple Classic, square and compact, with a built-in screen - so small and unimpressive that, had it not been encased in grey plastic, it might have been mistaken for one of Logie Baird's inventions.

Today, it seems almost laughably slow and forgetful; then it was at the cutting edge of information technology.

I wrote a thousand articles on it and put together my first book. When I moved on, five years later, to my present model, a Performa 6300, it was with a mixture of regret and anticipation.

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But I am now so thoroughly attuned to the Mac way of doing things that I am unable, or

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Its battery runs down in little more than an hour; the so-called active matrix screen is not what it was cracked up to be; its card modem is slow and unreliable.

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Good questions. Inertia must be part of the answer, but there is also the nagging belief that PCs are worse. PC friends complain of the fundamental problems they face, and Windows 98 is seen as no more than an echo of the Mac operating system.

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David Paul Morris

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The fault, as he sees it, is a government too eager to show the world that Hong Kong under China is every bit as free as it was before sovereignty reverted to Beijing. If not more so.

"They want to prove it but they're wrong to do that," Chan says. "There are more strikes and protests now than before the turnover. They are wrong. These things kill the country."

Chan's future may entail setting up schools to train film actors and film industry technical staff - but there is also the growing Chan corporate empire, with its chain

of restaurants that will provide work for his support crew when they, like him, must be pensioned off.

In the meantime, he has taken to the restaurant trade with supreme ease. He is a partner in Planet Hollywood, which has an outlet in Hong Kong, and, fresh from the success of *Rush Hour*, he hopes next to take his sushi restaurant chain to the US.

"Twenty years ago we didn't have money to eat in restaurants selling Japanese food. Now, with my restaurant, I can give discounts now to all my friends. And I go to different restaurants to check the toilets are clean."

Chan, 45 next month, will survive regardless of government handouts. He reckons he has a few more films in him before retirement. He knows his own limitations, and was perhaps humbled by his earlier, failed attempts to break into the US market.

He has also been careful to give much back to the city that catapulted him to stardom. He has promoted blood-giving and condemned drugs. He gives money for philanthropic causes and invests commercially. But there is a sense that while he may appreciate Hong Kong - as did his immigrant parents - he has less respect for it.

He sidesteps the issue of whether he will continue to live in Hong Kong (he already spends up to half the year living and working abroad, mainly in the US) by describing his personal utopia: Vancouver's surroundings, Singaporean rule and Japanese manners.

But he adds: "Asia makes me famous. I cannot forget that." And: "I was born in

paper recycling companies.

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HOME TRUTHS

Switched on to Mac's fatal addiction

Sceptical at the beginning, Walter Ellis soon became a convert in a complex and continuing affair with his computer

When the late Robert Maxwell invited me to join his prototype European newspaper, promising that if I did not "rob him blind" I would enjoy a rewarding executive career, I had no idea what I was letting myself in for.

Specifically, I did not realise that it marked the beginning of a lifelong affair with Apple Macintosh computers.

The fact that the bogus billionaire sacked me three months after my arrival to make way for his latest protégé will come as no surprise. He paid only two-thirds of my due compensation and died soon afterwards.

Much more significant - to me at any rate - is the fact that by then I had become addicted to Mac technology.

Maxwell was in some ways a genuine visionary, and he had been persuaded early on in his newspaper career that Mac computers were the way forward. I was sceptical on day one, thoroughly convinced by the end of the first week.

Thus, when the great man regretfully let me go and I was launched into my glittering freelance career, I knew what I had to do.

In 1991, most Macs were sold through Apple centres - quaint emporia in which one could view and try out the product - and it was in one such, near Waterloo Station,

that I made my first purchase. It was an Apple Classic, square and compact, with a built-in screen - so small and unimpressive that, had it not been encased in grey plastic, it might have been mistaken for one of Logie Baird's inventions.

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My wife's G3, meanwhile, squats in her studio, like an alien in stasis, waiting to be activated by the

prophesied arrival of its modem. By the spring, we will own six of the beasts, including an original, neolithic Performa that still works although it cannot cope with the newer generations of software.

Addition is not too strong a word for it. Sometimes, when I should be getting on with other things, I find myself running a diagnostic on my system, optimising my hard disc or spring-cleaning my applications in search of duplicates or "orphans".

When a fellow sufferer called me round the other morning to give him a second opinion, we agreed that we didn't know what we were talking about but were somehow compelled to go on.

I can't help it. A while back, I bought Encyclopaedia Britannica on CD-Rom, but couldn't load it because of a conflict between something on the disc and an unknown number of extensions in my system folder. I called Britannica's helpline in Oregon, to be told that it was all a mystery. Loading the world's most reputable encyclopaedia on to a Mac required the patience of Job and the intuition of a shaman.

But I managed it in the end. I did not give up - and today it works like a dream.

It's all Maxwell's fault, of course. Life for me could have been so much simpler if he hadn't left me in thrall to the Mac pack. But it would have been so much harder, too.

Walter Ellis is a freelance writer and author of *The Macintosh Way of Thinking*. He is now a convert to the Mac way of doing things.

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BOOKS

Civil rites champion

Tariq Ali on Martin Luther King Jr, the leader who refused to be tempted by violence in the black man's cause

THE AUTOBIOGRAPHY OF MARTIN LUTHER KING, JR
edited by Clayborne Carson
Little, Brown £18.99, 416 pages

Two men have come to symbolise the efficacy of non-violent mass actions to achieve democratic aims. Earlier this century, Mahatma Gandhi unleashed a successful movement to rid India of British colonialism. Twenty-five years later, his admirer from afar, Martin Luther King Jr, launched a campaign against segregation and for civil rights, including the right to vote, on behalf of the black population of the American South. Much violence was inflicted on those who marched, but King held firm. Unlike Malcolm X, Stokely Carmichael or, for that matter, Nelson Mandela, he refused to be tempted by violence.

Both men were religious. Gandhi combined a benign version of Hinduism with shrewd political instincts. Martin Luther King was an effective Christian preacher, who inherited his father's position in a black church. Both men were assassinated. Gandhi was killed by a Hindu fanatic in 1948. Twenty years later a mysterious assassin gunned down King at the height of his influence. The black leader had extended his critique to

include the war in Vietnam. It was public knowledge that J. Edgar Hoover, the secret police boss, loathed the black leader, and the question of FBI involvement has often been posed but never satisfactorily answered.

This book is an account of Martin Luther King in his own words, but it is not an autobiography. Different bits and pieces have been efficiently collated by Clayborne Carson, and it is useful to find them all in a single volume. They reveal a man of strong convictions, but the overall narrative is crucial to an autobiography is, alas, absent. Carson compares his project of reconstruction to that of Alex Haley, whose *The Autobiography of Malcolm X* deservedly became a modern classic, but the difference between the two books is profound. Haley sat Malcolm X down and interviewed him over many weeks in order to produce a coherent memoir. He did not flinch from asking difficult questions and Malcolm X usually provided a straight answer even if it went against his public image at the time. It was a warts-and-all autobiography and, in the wake of Malcolm X's assassination by Nation of Islam gunmen, the book acquired a cult status.

Clayborne Carson is the Director of the King Paper Project, which is under the control of King's widow, Coretta Scott King. This is very much an official "autobiography". It is worthy



If a man hasn't discovered something he will die for, he isn't fit to live: Martin Luther King Jr.

but dull, which is a great pity. King's life was rich in emotions and intellect. The breadth of his knowledge and reference always astonished his enemies. His command of the Old and New Testaments, in particular, was unrivalled. He could detect a weak argument at a glance and his assessment of US presidents was usually acute. The FBI bugged his phones, had him followed and built up a file on him, including

details on his various extra-marital affairs, presumably to blackmail him at some stage.

Some of his talents are clearly visible in these pages, but their strength is not literary. What we have is a useful work of reference, not a proper and detailed biography. This remains important because the situation of black people in the US appears to be getting worse. Martin Luther King never believed that a sub-

jective rebellion or acts of individual terrorism could ever change the black condition. It was the real world that had to be altered. One wonders what the old civil rights campaigner would have made of statistics that revealed a tripling of the US prison population between 1980 and 1988, when the proportion of white adult males rose from 0.49 per cent to 0.66 per cent, and the percentage of adult black males

shot up from 3.31 per cent to just under 7 per cent. Would King have declared Clinton, who rose in the polls on his way to the White House after signing the death-warrant of Ricky Ray Rector, a mentally deficient black prisoner, as "the first black US president", I wonder?

Books that marked the 30th anniversary of Martin Luther King's assassination, last year, included *Let The Trumpet Sound: A Life of Martin Luther King* by Stephen B. Oates from Payback Press (£12.99, 556 pages); Gerald Posner's *Killing The Dream: James Earl Ray and the Assassination of Martin Luther King Jr*, published by Little, Brown (£11.99, 446 pages); and *A Knock at Midnight: The Great Sermons of Martin Luther King Jr* edited by Clayborne Carson & Peter Holloran (£14.99, 356 pages).

Ace post-war pragmatist

Lionel Barber on one of America's greatest statesmen

ACHESON: The Secretary of State Who Created an American World
by James Chace
Simon & Schuster £25, 512 pages

In the spring of 1947, Dean Acheson boarded a DC-3 to fly to Cleveland, Mississippi. His mission, agreed with President Truman, was to deliver a wake-up call to Americans about the disintegration of Europe.

In his speech to cotton farmers and businessmen, Acheson, then deputy US secretary of state, declared that Europe was close to starvation. Germany and Japan had still to begin reconstruction. Thanks to winter storms and floods, a humanitarian crisis beckoned. The US had no choice but to mount an emergency aid package.

"There is no charity involved in this," he explained. "Human beings and nations exist in narrow margins"; so too "human dignity, human freedom and democratic institutions". America's role was to widen these margins "both for our national security" and as "our duty and our privilege as human beings".

These words rank among the most eloquent expositions of the national interest in US foreign policy. Acheson's speech foreshadowed the Marshall Plan which rescued western Europe from chaos. But it also signalled US engagement in the creation of new institutions which forged a new post-war order: the Nato alliance, the European Economic Community, and the Organisation for Economic Co-operation and Development.

Acheson was not merely present at the creation, to borrow the title of his own brilliant diplomatic memoir. He was the prime architect of that creation, as James Chace describes in this sympathetic and readable biography. Some students of the origins of the Cold War will find the ground familiar, but others will discover a riveting narrative about a generation of Americans who showed wisdom and leadership in managing the peace after 1945.

Acheson is best remembered for his career at the State Department, but he also left his mark at the US

school, perhaps as a result of his own non-conformist temperament; but he blossomed after graduating from Yale and moving to Harvard Law School. There he took a class taught by Felix Frankfurter, the future Supreme Court Justice, whereupon he discovered "this wonderful mechanism, the Brain".

The secret of Acheson's success in office included a formidable appetite for work, a wonderfully agile mind, and an intimate relationship with the president which future secretaries of state would envy. He also possessed a powerful sense for the right course of action. Chace calls him a pragmatist rather than cold warrior. The facts support this view.

Immediately after 1945, Acheson tried hard to reach common ground with the Soviet Union. He offered to work with Moscow to control the atom bomb, and argued against the hot-heads in Washington who toyed with the idea of a preventive strike against Moscow. But when the Russians refused to withdraw from Iran and later sought to control the Dardanelles, Acheson became convinced that Stalin was bent on hegemony in Europe. His response was the Truman doctrine of containment.

Another criticism of Acheson is that he exaggerated the Soviet threat, thereby stoking a feverish anti-communism in the US which made the division of Europe inevita-

ble and later encouraged the US to over-reach in Vietnam. This simply does not stand up to scrutiny. Acheson understood that it was futile to expect Stalin to show restraint in the face of western irresolution.

Still, Acheson's habit of making things "clearer than the truth" often landed him in trouble. Seeking to clarify US commitments under the Nato treaty, he told senators that there was no question of a substantial US troop presence in Europe - a remark he bitterly regretted. On another occasion, he omitted South Korea from the American "defensive perimeter" in Asia - a mistake that may have encouraged the North Koreans, urged on by Stalin, to launch the attack that started the Korean war.

Another serious misjudgment was to defend Alger Hiss, the state department diplomat found guilty of perjury over charges of passing secret government documents to a known communist. Whether out of arrogance or a misplaced sense of loyalty, Acheson chose to cite a verse from St Matthew. Senator Joe McCarthy, the rabid anti-communist Republican, denounced "this pompous diplomat in striped pants, with the phony British accent", for blasphemy.

Yet these mistakes dwarf the achievements of an outstanding public servant whose counsel was sought by presidents from Roosevelt to Nixon. Now that the Cold War is over, Europeans and Americans are once again building a new order bringing east and west together through an expanded Nato, a new single European currency, and an enlarged European Union. We would all do well to remember Acheson's legacy: that the US must remain a European power.

To order 'Acheson' at a special price of £22 (UK p&p free) ring the FT Bookshop on +44(0)181 324 5511.

Married to the Wolf

FIVE EUPHEMIAS: Women in Medieval Scotland 1200-1420
by Elizabeth Sutherland
Constable £20, 281 pages

Here is a book fascinating in spite of itself. Its subtitle will render wary, maybe, more folk than it revs up. For those of us who like this kind of thing, this is the kind of thing we like. (How can you resist a book one of whose villains, married to the fourth Euphemia, is called the Wolf of Badenoch?) I love it, and am a sucker for the superstitious, gentle name Euphemia that persists today, shortened often to Effie or Phemie. There is an irony in the name when we look at these long-dead women.

Virginia Woolf wanted to give a voice to those who had none, the silenced and forgotten women who had endured and borne their years out before her. These Euphemias stand for many others, "speaking well" in a spirit condign with their name; and rather as the Eumenides, the Kindly Ones, are actually the Furies, these Euphemias are, to some degree, silent women.

This first Euphemia lived in a time of peace under the kings Alexander, the last of whom rode his horse over the cliff at Kinghorn the wet night of March 19 1296, on the way to be with his beloved wife Yolande at Dunfermline Palace. The brother of the first Euphemia was William the Lion. We are in a Scotland of privilege and harshness, retrieved for us suddenly in such moments as when Black Agnes of Dunbar dusts the battlements of her fortress under siege from the English.

The second Euphemia lived in a time when enmity with England began, bargaining with Edward I for the freedom of her husband, imprisoned in the tower. Euphemia the third was the first Stuart queen. This section is full of incident and politics. The fourth Euphemia, another heiress, endured first a marriage to the favourite of King David II and then to the Wolf, who kept a mistress. They were divorced. This part of the story is fascinating, as one sees decency and force majeure grind again one another. The Pope at Avignon was lobbied.

The fifth Euphemia had a hunchback, but she had money. It is the achievement of Elizabeth Sutherland to suggest that her becoming a nun made her perhaps the most free of her fellow Euphemias, enabled by her

unsexiness to do good and be virtuous in her own way. Sutherland is a fine collector of rewarding nuggets of research, telling us much of Gaelicdom and of innumerable poignant aspects of life in castle and glen and ship and island, as daughter, wife, mother, chatel in the great battles of clan and dynasty as Scotland forged itself in suffering and glamour. But the enemy of this book's considerable

These Euphemias stand for many others, 'speaking well' in a spirit condign with their name

charm is its author's frank and continual acknowledgement that there is much we cannot know. Occasionally this causes ugly obtrusions, for example when we are told that we "know nothing about" the first "sexual encounter" of the first Euphemia. Nor about that, it is to be hoped, of anyone much.

This superfluous speculative tone does mar the book. It's oddly gauche, reminiscent of such compellingly distasteful

information-and-bowens sagas as *Katharine* by the great Anya Seton, and Elizabeth Sutherland is more scholarly than that.

Passages such as this are difficult: "What were Euphemia's thoughts as she was escorted into the bailey and climbed the motted to enter her new home? Perhaps her feelings were of overwhelming homesickness and a paralysing shyness... Perhaps she clutched the arm of her maidservant and murmured a quick prayer for help as she had been taught from childhood: *God bless the earth that is beneath my sole... Bless, O bless, Thou God of life! Each day and hour of my life.*" The prayer is so pure we do not need the speculation.

The book is adorned by gripping family trees and a map from which I would have liked more detail. There is mention of the MacWilliam claimants to the throne of Scotland, also of one Colin MacWilliam, cited as an architectural authority. It's MacWilliam, in fact. He was my father, a man from whom considerations of rank could not have been further, and who would have been touched, bored, and moved by this very decent book.

Candia McWilliam

Sentence first, verdict afterwards

INTO THE LOOKING-GLASS WOOD
by Alberto Manguel
Bloomsbury £15.99, 273 pages

Literature in the English tongue is incomparably rich in the art of the essay, to which a significant portion of its greatest treasures belong. The great age of the essay was the 18th and 19th centuries, but it began in English with Francis Bacon and still exists - although it can be a subtle matter to nominate the differences, which are nonetheless real, between the essay and its current descendants in journalism's "articles", "features" and reviews.

Alberto Manguel is an essayist in the paradigmatic sense, and an excellent one. He writes with ease and elegance, draws his readers in quickly, and proceeds to fascinate, inform and challenge them. The essays here are linked by an official thread, and by several unofficial ones. The first is the power of words, the looking-glass surprises that reading springs on us in the way of new perceptions and new reactions. A generous sequence of epigraphs

drawn from Lewis Carroll loops this thread from essay to essay, giving striking examples of language's power to make us think and feel differently.

The unofficial threads are those of memory and response. Manguel was born in Argentina and left it, as a student, just before the worst of its civil strife began at the end of the 1930s. He writes now not just as a critic but as an advocate of minorities, the oppressed, the dispossessed, and the marginalised - not in polemical strain, but as a quietly civilised commentator on the literature that connects, sometimes obliquely and sometimes directly, individual experience with its universalised record in writing. The Carroll lines that catch the point are: "The horror of that moment," the King went on, "I shall never forget." "You will, though," the Queen said, "if you don't make a memorandum of it." The Queen's remark serves to introduce Manguel's reflections on Borges in love and the death of Che Guevara; but they apply as accurately to other essays that take us to his Argentinian childhood and his record of those he left behind.

Manguel's evaluation of Mario Vargas Llosa as writer and politician is an example of the commentator's

craft at its best. It is sometimes hard to admire work while deprecating its author - consider the problem of Wagner. Manguel does not forgive Vargas Llosa his political views; but that does not stop him applauding his literary merits. Remember that Vargas Llosa said that, in the interests of reconciliation and the future, there should be an amnesty for the Argentinian officials who dropped their victims from aircraft into shark-infested seas. His arguments are used in Chile now, and Manguel remarks that their danger is increased by the eloquence with which Vargas Llosa put them.

While some of the essays review South America's difficult recent past - its betrayals and horrors and at the same time its literary riches - others are more intimate in content, either because they reveal little-known aspects of personalities we are familiar with through their work (a prime example is the sad thin love-life of Borges; Manguel used to read to him, and take him to the cinema where he served as his eyes), or because they discuss questions of sex, and in particular gay sex, in contemporary writing, with rare and dispassionate intelligence.

One of Manguel's best essays discusses translation. Using his experi-

ence of rendering Marguerite Yourcenar into English, Manguel raises the delicate matter of how translation can be a form of censorship, and worse. For example: when the Jesuits were "reducing" (their own term) the Guarani of Paraguay to Christianity, they were careful to ideologise their translations of the Guarani tongue into Spanish. "Guarani concepts of private honour, of silent acknowledgement when accepting a gift, of a specific as opposed to a generalised knowledge, and of a social response to the mutations of ages and seasons, were translated bluntly as 'Pride', 'Ingratitude', 'Ignorance' and 'Instability'."

In the next essay, Manguel talks of the editor's role in Anglophone publishing, transforming the writer's material into a saleable commodity. Manguel claims that this is an American-originated practice spreading itself through the empire of English writing, so that almost every text becomes effectively co-authored.

These are rich and various essays, ripe with interest. Manguel says that what matters most to literature is the existence of judicious readers; this collection will help to create more such.

A.C. Grayling

Occupation
The Ordeal of France 1940 - 1944
by Ian Ousby
Published by Pimlico
FT Price £12.50 free UK p&p

"Informed, sensitive, balanced and insightful... A work of judicious empathy and calm, persuasive moral authority." Alan Judd.

The real story of the Occupation proves more complex, and ultimately more human than the myths that grew afterwards. Demoralised by defeat in 1940, the French readily supported the Vichy regime. Resistance was slow in coming and it was only when the Reich's original correctness gave way to brutality that public mood changed.

As much a social, as well as political and military history, Ousby's book is a balanced and insightful biography of a traumatised nation.

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FINANCIAL TIMES

No FT, no comment.

JP 11/10/50

BOOKS

Facts are a feminist issue

Women's Lib is 30 years old. Its reassessment is certainly overdue, writes Sheila Rowbotham

THE WHOLE WOMAN
by Germaine Greer
Doubleday £16.99, 352 pages

When fire flared up in Germaine Greer's belly against a mammy-pammy type of writing about feminism going too far, she penned *The Whole Woman*. It is written in full voice and replete with arresting and curious facts, ranging from anthropoids' bums turning scarlet to attract the opposite sex to women constituting 11 per cent of the US military.

Ever since *The Female Eunuch* came blasting off the press, Greer has been amazing the English by her refusal to bow to the polite consensus. By continuing to be rude, outrageous and intelligently bitchy, the original "bad girl" feminist has turned herself into a kind of anti-pundit inhabiting a unique niche in the liberal media. In *The Whole Woman*, however, she changes tack. Exasperated by women journalists who insist women have little to moan about, who extol glamour or enthusiasm about laddishness, Greer waves the entirely unfashionable flag of the early 1970s

Women's Liberation Movement. This radical and utopian moment in feminism has been buried as "earnest", ridiculed as hysterical and distorted as obsessed with "equality". Its rehabilitation and reassessment are certainly overdue. So it seems somewhat churlish to quibble.

But the snag is – and the snag always was – that Greer never did bother about women's liberation groups and meetings. No stamp-ticker or paper-seller, she was a debater and witty communicator in the media. Valuable as this is, it means you miss out on things, and thus Greer sees the Women's Liberation Movement as about self-definition. This was only one aspect; it was also about learning through acting collectively and it connected to a wider radical politics.

Her assumption that feminism is about taking stances affects the politics of the book. In contrast to her adversarial position towards married women, early Women's Liberation Movement politics in Britain sought to overcome the divisions which kept women suspicious and competitive of one another. While Greer was writing articles like "The Slag Heap Erupts" in



Germaine Greer: 'The Whole Woman' wallops us with a series of assertions which are both imprecise and polarised

the underground paper, *Oz*, we were plodding round Church groups and the Housewives' Register. When she was declaring to the press that emancipation was about not wearing knickers, we were the ones explaining to miners at their Skegness conference that we were not "knicker knockers".

Another consequence still evident three decades on is Greer's tendency to present what is said in the media as evidence of what is actually thought. Fourteen-year-old girls who read Bliss don't take all of it as gospel, any more than I did when I read *True Romance*. The message is not always the same as reality.

On the other hand, *The Whole*

Woman certainly engages with the new dilemmas facing feminism: it also contains plenty of sensible opinions about breast implants and advice against trying to be a size eight. Moreover, some of Greer's warrior-woman tre is well directed at those who blame single mothers for the ills of capitalism or express a chirrupy faith in shopping as inherently liberatory. Not, she tells us, if you are shopping for six in Stockport on a low income.

Her strength is her sharp eye and her humour. Blair's parliament is compared to a Butlins holiday camp because of all the women in their "little red suits". Thoughtful observations surface as she notes female friendship in

soaps, or writes: "To deny a woman's sexuality is certainly to oppress her but to portray her as nothing but a sexual being is equally to oppress her."

By and large, however, *The Whole Woman* wallops us with a series of assertions which are both imprecise and polarised. Hundreds of woman-hours are being spent waxing legs and bleaching moustaches, fulminates Greer, without troubling to distinguish whether this is a problem to the economy or to individuals. Yet "Women are worker bees; males are drones." Which women? Which men? Does this include the waxers and bleachers?

This way of writing makes it

difficult to consider her ideas and turn the thoughts around, encouraging loyal devotion rather than critical contemplation. By pushing each position to its extreme Greer presents her case in absolute terms. When the reader's actual experience conflicts with her statements, the approach increases the likelihood of opposition becoming total. Why believe any of it, when so much does not ring real? The assertive rhetoric also slithers between different contexts without any qualification or reference to factors outside the thesis that men are being bad to women: US private health care and the NHS are simply bundled together, for example.

Early this century Rebecca West, then a socialist and feminist, characterised the kind of feminism which focused on men as the sole problem as "so-simple" feminism. It is easy to trounce a single enemy, a specific laddy, but it is always misleading.

In the *Whole Woman* there are no shades in the spectrum, only opposing polarities. This is a world in which there is no such thing as contradictory implications and meanings. Medicine only controls; technology simply degrades and deskills. In fact, new technology has had a differing impact upon various groups of women in poor countries, causing unemployment along with new employment opportunities.

Greer is doing something which was pioneered in the American best-selling social-issue books of the late 1960s, and pulled off well by Betty Friedan in *The Feminine Mystique* back in the early 1960s. You take a set of attitudes already present in popular culture and you give them a new twist. But you don't take on

complexity and you fit material into the case you want to make, rather than examining conflicting evidence or implications.

Ironically, Greer the iconoclast eliminates the possibility of human beings acting upon their circumstances. The NHS and trade unions, for instance are both simply dismissed as male dominated; yet both have been sites for considerable efforts for change by women, and some men, and these have had a significant impact – though rarely celebrated in the media.

The troubling result is that

Greer may have moved from wild woman to moral improver, but she has retained the assumption that feminism is about self-assertion

other women come over as terrible fools and dupes, while the author of *The Whole Woman* looms over the rest of us like a modern version of the early 19th-century evangelical Hannah More. Greer might have moved from wild woman to moral improver over the last three decades, but she has retained the assumption that feminism is primarily a matter of self-assertion and declaration. In fact it has historically been about very much more – including wider questions of social inequality between women of various classes and races and the nuances of personal gender power which fascinate many young feminists today.

Risen apes, fallen angels

And that's just the biologists and philosophers, writes Jon Turney as the evolutionary debate continues

DARWIN WARS: How Stupid Genes Became Selfish Genes
by Andrew Brown
Simon & Schuster £12.99, 241 pages

Charles Darwin taught us that we were risen apes, not fallen angels. Ever since, we have been arguing about how far we have risen. Currently fashionable evolutionary psychology suggests that the answer is: not very far. Our genes, selfish to the last place of DNA, are the same as those of the hunter-gatherers of 100,000 years ago. No wonder we find modern life a bind.

Because Darwinism claims to fix our place in nature, academic arguments about the fine points of Darwinian doctrine attract wider notice. Recently, the rest of us have taken more notice because Darwinian disputes have been fought out by some enviably gifted popular writers who mostly seem to detest one another. Such authors as biologist Steven Jay Gould and philosopher Daniel Dennett delight in denouncing one another's ideas as worthless or misconceived.

Like all the best academic disputes, the protagonists agree about most things. They all believe that evolution is real, that the theory of natural selection is the best way to explain it, and that creationists and other anti-Darwinists are completely wrong-headed. But their views of the ultimate implications of natural selection differ radically.

Andrew Brown, an avowed atheist and lapsed religious affairs correspondent, offers a

guide to these new disputes, with their sacred texts, sectarian heat, and disconcerting combination of high seriousness and downright silliness. The trick is in telling the last two apart, all the trickier because there are several different disagreements to disentangle.

Some have their roots in technical matters. Do new species appear in the fossil record at a uniform rate or do we see long stasis followed by big changes, as Gould and his collaborator Niles Eldredge suggested in the 1970s? Are all the features of modern organisms Darwinian adaptations, or are

Scientist spread their beliefs by means other than copulation, and defeat their enemies without killing them – on the evidence here, this is just as well

adaptations tales merely modern *Just So* stories? Other differences are more philosophical, is contingency or necessity the best way to read the overall pattern of evolution? But the key divide is over the ideas of inclusive fitness and gene selection developed since the 1960s by William Hamilton and popularised so dazzlingly by Dawkins. Above all, it is over the relevance of selfish genes to social behaviour. This is where Gould and his long-time ally population geneticist Richard Lewontin get most annoyed with what Gould has dubbed ultra-Darwinism.

Here, Brown could delve a little deeper into the history, but he does chart the early claims about human sociobiology 20 years ago by the great student of social insects Ed Wilson, and their harsh criticism by Gouldians.

Brown suggests that the 1990s version of these ideas, under the banner of evolutionary psychology, has taken many of the criticisms on board. He also suggests that Gould gets no credit for this from his opponents, which is not quite true. True, Daniel Dennett devotes a whole chapter of his relentlessly combative *Darwin's Dangerous Idea* to beating up on ideas he attributes to Gould, who retorted that Dennett was "Dawkins' lapdog". But in a later, calmer moment, even Dennett concedes that Gould was largely right about the flaws in early sociobiologists' reasoning.

when they described apparent universals of human behaviour in adaptive terms. Gould is equally scornful of evolutionary psychology, which Brown has more time for, and in general he is a more amiable commentator on the issues than any of the writers he so gleefully quotes.

That said, the book has its weaknesses. It is a pity to neglect the arguments of those biologists, like the Anglo-American duo Brian Goodwin and Stuart Kauffman, who believe that natural selection operates under constraints which help shape living forms. Dawkinsians and Gouldians both think they are wrong, but their ideas are at least worth considering. There's also a slightly parochial feel about the proceedings. A chapter on Elaine Morgan's ideas about aquatic

evolution of proto-humans is a digression, and like most of the British, she gets interviewed. Brown gets a lot out of his conversations with Dawkins, John Maynard Smith and co. But the Americans are merely quoted from books: maybe his publishers were too mean to send him across the Atlantic to meet Gould, Wilson, or Dennett.

Less forgivably, opening the book at the deathbed of the unfortunate George Price seems a cheap way of dramatising the issues. Price, who refused the mathematics which shows that self-sacrifice translates into genetic self-interest, got religion and finally committed suicide, but it is clear that Price had a personality disorder long before his disconcerting discovery. The fact that he reacted so sadly to a world of evolutionary selfishness makes the stakes seem higher than they are. At the end of the 20th century, anyone can find deeper reasons to despair about the perfectibility of human beings than the fact that altruism obeys an algebraic law.

Brown is also unconvincing when, having accused all and sundry of bad philosophy, he concludes that we have a choice between regarding the universe as fundamentally benevolent or radically malign. Like Pascal's wager, this presents a false choice; it may merely be utterly indifferent. Here, I think, is another point, albeit a non-scientific one, on which Dawkins and Gould would agree.

Still, this book is an entertaining sampler of one of the great scientific disputes of the day. As Brown says, scientists spread their beliefs by means other than copulation, and defeat their enemies without killing them. On the evidence here, this is just as well.



Juliet Gardiner's 'From the Bomb to the Baiter' (Collins & Brown £9.99, 160 pages) teams up with an Imperial War Museum exhibition (from March 25) on 'The Changing Face of Post-war Britain': a fascinating record of the era's social propaganda. This image – from 'the atomic age' – was to encourage women to resume their place as homemakers and leave the jobs to the men. 'Lucky the mother whose table is Formica-topped' ran one slogan.

FICTION IN BRIEF

Bitter-sweet seduction



When a new customer enters her shop, chocolatier Vianne Rocher instantly divines their favourite among her fabulously decorated sweets. Like Vianne's "hazelnut clusters, chocolate seashells, candied rose-petals" and "Venus's nipples", Joanne Harris's third novel, *Chocolat* (Doubleday £12, 394 pages) is beautifully wrapped, and its publication coincides with the weeks before Easter when the story takes place.

Set in a French village of "two hundred souls at most", the plot describes the battle for these souls which rages for the duration of Lent. Vianne is a stranger, who blows in on "the wind of the carnival" with six-year-old daughter Anouk, and sets up home and business opposite the church. Père Reynaud is the local priest whose wrath she evokes. As their mutual enmity grows, the villagers divide – Vianne attracting

outsiders, travellers and children to her Easter Festival, Reynaud leading the bitter opposition.

Here, the clash of commercial and moral values is recast in the opposition between a harsh, masculine Catholicism and a warmer, more forgiving feminine sphere. With her Tarot cards, her spells and her sympathy, Vianne challenges the church's monopoly on spiritual life, and offers more in the way of charity than the priest himself.

Chocolat has attracted the attention of historians as well as storytellers in recent years. Harris belongs to the more fanciful tradition. Like Roald Dahl's chocolate factory, *La Citéste Prouine* is a place of unimaginable plenty and delight. If danger there is, it takes shape in the dream "Black Man" of Vianne's dreams. Repression is infinitely more perilous than indulgence, and it is with appalled fascination and thinly veiled desire that Père Reynaud scents "a throxy richness like the perfumed beans from the coffee-stall on the market, a redolence of amaretto and tramiu, a smoky, burnt flavour which enters my mouth somehow and makes it water".

Witches, of course, are adept in the arts of seduction. C.S. Lewis warned against them in his classic story of a boy enchanted by Turkish Delight, and

Dahl too sounded a cautionary note. For him, as for the priest, "tender gluttony" is sin. Harris is wise to these risks – Vianne's first, most glorious window display is that most terrifying figment of fairyland, a gingerbread house – but her novel is unequivocal in its enthusiasm for chocolate, as am I, for her book.

Susanna Rustin

Boys forever



Wordsworth's phrase, that "the Child is father of the Man", hangs heavily over it: *Cracks Like Breaking Skin* (Faber £9.99, 158 pages), Stephen Foster's collection of stories that revolve around childhood events and their reverberations through adult life. It is a self-conscious debut, marked by an insistent awareness of beginnings.

Most of the stories tell of growing up in the English Midlands, and hinge upon events of seeming mundanity: a boy visits a friend, daughters cook for their mother, friends bicycle into the country. The stories are compact and their significance elusive. The endings defy easy resolution, as does the writing, which switches abruptly between the lyrical and the conversational.

As the collection progresses, seepage between stories becomes increasingly apparent. Names recur and a central protagonist emerges: Hewitt, a figure

in whom both first- and third-person narration are variously entangled. Not quite episodic, the stories nonetheless assume a loosely chronological order: later, London-based narratives are spun from the idiosyncratic responsibilities of adulthood, the daily pressures of work and family.

This interplay between stories adds flesh to the slender nature of their individual subject matters. Associations are formed: between the provincial boy and the metropolitan man; between the fatherless children of earlier stories and the young fathers of later ones.

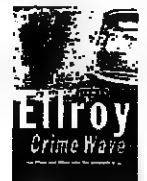
Foster's message, at its least profound, can be distilled to the succinct, if hackneyed, observation voiced by the flash salesman of "Stepping Stones": "Boys never grow up." This clumsiness of tone tends to infect the few stories that deal directly with adult matters: after the understatement of earlier stories, the overt symbolism of "Ice-Cubes" and "Off the Plot" resonates too jarringly. It is as if the complexities of maturity that so plague Foster's characters take a similar toll on his writing.

His abilities, however, are displayed to more adroit effect in "Big Wheel", "Life on Earth", "Fall" and "Stitches", which expertly recreate the rhythms and cadences of young lives, while the title story wistfully evokes the gradual loss of youth without recourse to obvious nostalgia. At his best Foster can write with economy and verve, establishing a verbal beat as dynamic as the pop songs that stud his tales. This is undoubtedly a slight collection,

but when Foster's controlled, impressionistic prose takes flight his subject matter stretches towards a more rewarding realisation: that of the ways in which boys live on in the men they become.

Ludovic Hunter-Tilney

Brave and stupid



Crime Wave by James Ellroy (Century £15.99, 288 pages) comes billed as "reportage and fiction from the underside of L.A." The City of Angels boasts the world's darkest, most elaborately concealed underbelly, and James Ellroy is the Dante of underbellies.

His novels carry his monomaniacal world view along in a torrent of high-voltage prose, but in shorter form, his strengths can become weaknesses. In these pieces, all written for *Q*, he seems trapped between style and substance like his own noirish characters. *My Dark Places*, about his investigation into his mother's murder, was a tour de force. Having written her benediction, Ellroy's return to police procedure seems almost mundane, recapturing the style of 1950s true crime magazines.

The murder of Karyn Kupcinet, the daughter of a Chicago columnist and talk-show host, cries out to be

fictionalised: sheer wannabe actress life of diet pills and plastic surgery is the stuff of Ellroy nightmares. Protagonists in Ellroy's corrupt world usually run out of control and meet violent ends. Not justice, just exhaustion.

Two of the three stories feature Danny Getchell, sleazy editor of *Hush* magazine, the character portrayed by Danny DeVito in the movie of Ellroy's *LA Confidential*. Getchell narrates in bravura bursts of bold alliteration. It's fun: who else would describe Frank Sinatra as "a macho-maimed mama's boy and pussy-whipped putz"? The third story brings back Dick Contino, the accordion star who went from Ellroy idol to Ellroy character. It moves, unalliteratively, with its own frantic energy, setting up "Dragonet's" Jack Webb in the ultimate LA conspiracy. TV as mind-control, before expiring like a balloon jetting around the room as the air escapes.

When *Crime Wave* moves into the reality of L.A., Ellroy is most successful, whether it is his junior high reunion or his take on *OJ* Simpson. In eight pages, Ellroy instinctively sizes up *OJ* in a way most commentators couldn't see. Simpson's money and lawyers meant he couldn't play out his string like the Ellroy character he should be: "He didn't have the soul or the balls." A *femme fatale* tells Dick Contino, "A *femme fatale* tells Dick Contino, 'I like guys like that.' Ellroy is a guy like that, and it makes his writing memorable.

Michael Carlson

ARTS

Scales of emotion

From Wunderkind to Wonderwoman without missing a beat: Andrew Clark profiles the violinist Anne-Sophie Mutter

The music world has taken note: Anne-Sophie Mutter is playing with a greater sense of emotional engagement and musical freedom. It all happened rather suddenly, within months of the death of her husband, Detlef Wunderlich, in 1995. She played Brahms's Violin Concerto with Kurt Masur and the New York Philharmonic, and took it on tour to Europe. When their live recording was released, it bore a dedication to Wunderlich, the only public reference Mutter has made to him since his death from cancer.

The change in Mutter's interpretations raises a number of important questions: is it germane to the works she is playing or is it superimposed for effect?

The performance was worlds apart from the fluent classical approach of her youth. It was an unremittingly emotional statement, with frequent use of portamento and countless instances of lingering across the bar-line. Mutter's provocative sense of phrasing brought out a yearning quality in the music – rapt, intimate, soulful. Not everyone liked it, but most were willing to be won, especially when they discovered the private subtext.

Zoom forward two years, to New York last month. Mutter, 35, is on the emotional warpath again, this time with the Beethoven concerto – another work she studied and recorded as a teenager with Herbert von Karajan. What impressed her Carnegie Hall audience was the same unashamed lingering, the slowing-down and speeding-up, the sense of an imagined conversation, of self-communing, of pleading and comforting. It will be on show again at the Barbican on Monday when she plays Beethoven with the London Symphony Orchestra.

The change in Mutter's interpretations raises a number of important questions. Is her new approach ger-

mane to the works she is playing, or is it superimposed for effect? Has her interpretation genuinely deepened, or is she using expressive freedom as a vehicle for her own ego?

There is no doubt that Mutter is the goddess of the classical music business. Like a handful of other musicians – Rattle, Hampson, von Otter, Kleiber – she dictates her own terms. She has reached her prime, because she is immensely experienced while still relatively young. "She's a very passionate performer, but she tempers her passion with supreme elegance," says Deborah Borda, executive director of the New York Philharmonic. "When Anne-Sophie is doing Brahms or Beethoven, you're looking at a level of excellence that is rarely paralleled."

Born in 1963 at Rheinfelden in Germany's Black Forest, Mutter began studying violin at the age of five, and a year later won first prize in a national music competition. Her recital at the 1976 Lucerne festival brought her to the attention of Karajan. From the age of 13 she appeared regularly with him in Salzburg and Berlin, and recorded most of the core repertoire.

In the late 1980s she made an unexpected turn into the contemporary field, winning plaudits for her inquiring mind and breadth of command. She spent 1998 playing nothing but Beethoven's 10 violin sonatas, part of a move back to the Classical-Romantic repertoire.

Somewhere along the line, most prodigies would have crumbled under the pressure of expectation. Menuhin did at one point, others simply disappeared. But Mutter has transformed herself from Wunderkind to Wonderwoman without missing a beat. One of the reasons is that she was never overpushed as a teenager. And she has Karajan to thank for helping her to achieve and maintain her pre-eminence.

It was an incalculable advantage to learn the great concerto repertoire with a conductor who was steeped in the traditions of the past. It gave her a unique musical foundation, and enhanced her natural confidence. She claims not to suffer nerves, and there is no reason to doubt her. Something in her genes or upbringing has given her an iron discipline, capable of with-



standing the pressure of living up to her past, not to mention motherhood (she has two children) and being widowed so early.

Throughout her career she has been adopted by father figures: Paul Sacher, who persuaded her to take up contemporary music; Mstislav Rostropovich, with whom she forged a strong emotional bond; and her husband, Karajan's lawyer, who was much older than she. They gave her the security she needed.

Karajan remains her spiritual father.

Following his example, she demands the highest fees – as much as £35,000 per performance – and shows a determination to control all aspects of her working environment. She can be charming, but in the best prima donna tradition she can also be aggressive. "She's convinced of her own greatness," says one of Europe's leading orchestra directors. "It's a very smooth, inaccessible surface, as if she doesn't want to be human."

What the public sees is a wonderful mask.

In a Mutter "shrine" on the Internet, she warns against the influence of packaging and hype: "The greatest danger of all remains – the nightmare of music marketing. With today's aggressive marketing, it is often not the performer that makes the impression but rather packaging, youth, virtuosity, sensation. Music is not a business."

Nonetheless she realises the impor-

ance of marketing. Look at the publicity shots, the strapless gowns, the strident way she walks on stage: she's more like a model than a violinist. She exploits this glamorous image with the flair of a tycoon.

Fortunately, her music-making is more true-to-life. Although critics cite an aloof, monolithic quality which tends to amaze rather than move, no one questions her musical sophistication or unbelievable technique that exists, is not the kind of technique that exists, to be admired; it is totally at the service of the music. In that respect she represents the old central European style – as opposed to the flash, brash school nurtured at the Juilliard. The sound is darker, more sumptuous than any of her Russian or American contemporaries, and Mutter is Number One in tonal projection. She has that rare combination of strong tone and soaring resonance, ideal for retaining a beautiful sound when produced over massive orchestration.

She may lack the humour of a Perlman or the playfulness for Tchaikovsky and the French repertoire, but she has a unique distinction among her contemporaries in being a champion of the new. Thanks to her collaboration with Penderecki, Lutoslawski and Rihm, all of whom wrote works for her, she has mastered the techniques required for late 20th century music – the unusual scales, intervals and combinations of double-stop passages, which are not required for Romantic music.

In a New York residency next season she will play everything from Berg to Bernstein, and introduce the solo sonata Penderecki has written for her. Concert promoters know that, such is the trust Mutter has built with her public, people will turn out whatever she is playing.

Ultimately, however, violinists stake their reputation on the 19th century repertoire. On that score, it's still too early to place Mutter in the pantheon of all-time greats. When she plays with a senior conductor like Masur, who understands the introspective qualities of the music, there is a counterweight to the expressive freedom she now favours. But with her long-time accompanist Lambert Orkis, who tends to play a submissive role in the musical partnership, Mutter's emotional engagement sounds sentimental, mannered, as if she is digging around for effects.

Reviewing her recent Beethoven sonata recordings, Gramophone magazine said there were "so many hold-ups, tempo changes and hesitations that [one] longed for a simpler style. The effectiveness of such licences decreases with the amount of distortion they cause."

Such comments suggest that Mutter's new-found freedom is imposed from without, rather than true to the source of musical expression. It's not superficial – it's too strong and solid for that – but neither is it deep. It's as if she is using the music to impress people with her playing. Could it be that her ego lies in the path of her greatness?

RADIO MARTIN HOYLE

Brave new shallowness

"A gecko fell off the ceiling into my soup," Simon Calder's walk from Colombia to Panama chronicled in Saturday's *Bridging the Gap* is full of slightly surreal aperçus: the matriarchal society where a girl's arrival at puberty is greeted with three-day parties, the alleged resemblance of some Indian songs to the metrical psalms of early Scots settlers.

Calder is good at conveying the plodding ordeal of trudging eight hours at a time through searing heat, worried sick about the water supply. And yet... There is something of the anorak about him, a toneless drone that deprives his perfectly interesting talks of any excitement. If his radio pieces are still identical to his independent articles it is almost better to read him than to listen.

On Saturday morning the trick is scooping the evening's television. Radio 4's *From Our Own Correspondent*

often pre-empt BBC's *Correspondent*, since the BBC believes (erroneously) that aural and visual media are the same and can therefore employ the same people to cover the same items.

Short-changing again. On 'Woman's Hour', the former intern cast a new light on the soigné grooming of the Washington set

especially as the corporation plays its trump card – Fergal Keane – mercilessly. This correspondent reminds me increasingly of the critic Kenneth Tynan's description of the writer Arthur Quiller-Couch as "the moist-eyed clubman of English letters". Keane is the moist-eyed, sometimes lump-throated,

voice of humanity in current affairs, and to be honest I sometimes wish he had the briskness of his colleague Sue Lloyd Roberts.

Yes, radio makes specific demands, as we listeners are almost tired of reminding the broadcasters. Descendants illustrates this. Radio 4's potentially intriguing series of family detective work started with an Englishman's search for a cousin in South America, the result of a liaison between his dashing, Clark Gable-like railway-building grandfather and a native woman.

The second story, last Saturday, dealt with a journalist's search for Japanese relatives descended from his own ancestor, Lafcadio Hearn. This one-eyed Anglo-Irish-Greek, toughened by American street life, is best known to film-buffs for the Japanese movies based on his haunting ghost stories. An even more fascinating programme: but it helped

that the narrator works for *The Economist*, knows how to communicate, and can buttonhole an audience, while the first presenter was earnestly worthy.

Worthiness is a moot point. Radio 3's *Between the Ears* never justified the choice of the tenor Mario Lanza for a faintly irritating "experiment in creative radio". To blame the mediocre subject if the treatment failed? To shoot a sitting duck? Would one really lavish experimental techniques and a Radio 3 slot on mediocrities in other forms? The producer declared he didn't want to do "the obvious" like the Kennedys or Marilyn Monroe. Sometimes the obvious are infinitely more worthwhile. Next, a Liberator theme evening?

The new shallowness, the historical and cultural illiteracy of our brave new spiritual suburbia, was perfectly captured by *The Sunday Formot's* mock colour-suppl values, with millennial lists of "the best bands of the last thousand years" and "the best films of the past thousand years". Jeremy Paxman in *Start the Week* expressed surprise at Britain's 19th-century reputation for liberalism, this apparently being an unfashionable attribute of what he terms "this funny old country" (can the iconoclast be turning into Mr Kipling – the cake man, that is, not the writer?). Of genuine interest was the chilling news that Chinese versions of English schoolbooks illustrate John playing cricket and squash with a boy crushing insects under his heel. And Theodor Herzl, founding father of Zionism, recommended Zionists to play cricket.

Gastronomic notes: in *A Stitch in Time*, devoted to Honiton lace, Kaffe Fassett admitted some lace made out of cooked spaghetti. In *Gardens' Question Time* one of the experts tasted on air what turned out to be the "salty and gelatinous" eggs of slugs and snails. And in Monica Lewinsky's much-heralded *Woman's Hour* interview, the former intern cast a new light on the soigné grooming of the Washington set when asked by Jenni Murray about that "kind of yukky" dress. Monica brightly riposted she hadn't noticed. "I wore it out to dinner that night."

There is a temptation for a critic covering a lot of material to discover common ground among his subjects, however contrived it may be. Jackson Pollock, the reissue of *Rain and Boyzone*? They are all about drips. You grow wary of falling victim to the tortuous connection, so can it be safe to suggest that there is a common theme to three documentary series which begin this weekend?

Yes, it can. In *The Last Of The Hidden Tribes* (Channel 4 today, 8.00 pm), the opening programme in *The Establishment* (tomorrow, Channel 4, 7.30 pm) and *Rebellion!* (tomorrow, BBC2, 8.00 pm) very different programme makers use highly contrasting styles. Yet in the end each is either centrally concerned with, or inspired by, tribal identity and its connection to land ownership.

Adrian Cowell who has made the three-part series *The Last Of The Hidden Tribes* has almost certainly done more to publicise the destruction of the Amazon forest than anyone else on the planet. In the late 1990s he set off through the jungle to look for the Kreen-Akrore tribe and, although he failed to film them, the ITV programme that he made recording that failure – *The Tribe That Hides From Man* – was a huge success and became a television landmark. It showed the efforts of the explorers from Brazil's Indian Protection Service to save the tribe from the depredations of modern civilisation. Then in 1994 Cowell brought us *Decade Of Destruction*, with his pictures of roads being driven into the rain forest and the slash-and-burn techniques of new settlers.

In this new series he brings several strands of his stories up to date, starting today with the surprisingly encouraging fate of the last 79 members of the Panara tribe who, a quarter of a century ago, he filmed as they were flown out to an Indian reserve, appearing to be well on the way to extinction. Next week he returns to the story of a settler's boy, kidnapped by Indians when he was six years old, whose family have searched for him ever since. Cowell caps that story with a startling discovery, adding another upbeat note to what had seemed previously to be

TELEVISION CHRISTOPHER DUNKLEY

Tribal identity and its relation to territory

an Amazon chorus of unbroken sadness.

It may seem far fetched to suggest that there is common ground between the Panara tribe and Gerald Cavendish Grosvenor, Duke of Westminster, whose various names are not by chance those of some of the most valuable tracts of land in London. Yet watching *The Establishment* soon after seeing Cowell's programme, it is impossible not to wonder about the connections. When other people wanted land in the rain forest, the Panara found their entitlement to their ancestral areas ignored or taken away from them. When leaseholders wanted to own properties in Mayfair and Belgravia the Grosvenors could only watch while the Thatcher government legislated to make their freeholds available to the leaseholders.

True, it is hard, not to say impossible, to feel for the monstrously overprivileged duke as for the Panara Indians, yet the indignation felt by each at old rights being handed over to others (under the "right to roam" in the case of the Duke) does have similarities. For a while – particularly when the Duke remarks that none of his friends date from his schooldays – it seems as though the tribal dimension is missing from *The Establishment*. But then programme maker Nick Danziger, who makes such dramatically good use of his own black and white still photographs, brings out the powerful Army connection, and in England there is really nothing more tribal.

Rebellion! is another three part series, this one produced and directed by John Bridcut, in which David Dimbleby goes back to Zimbabwe to tell the story of Rhodesia's unilateral declaration of independence in 1965, having covered it on the ground at the time. The technique used is the one

that has become well established, and proved so effective, for the telling of modern history on television in the past 20 years or so in such series as *The Second Russian Revolution* and *Cold War*. Newsreels and archive

The indignation felt both by Indians and the Duke at old rights being handed over to others does have similarities

film from the time are interspersed with new interviews with the key people involved.

So here Harold Wilson's televised talks to the nation, given in a tone that now sounds peculiarly patronising, are used alongside Dimbleby's new

interviews with former Rhodesian prime minister Ian Smith, and the recollections of secretaries, diplomats, and people such as Robert Mugabe and Kenneth Kaunda who were involved in the early days of Rhodesia's black political parties.

As so often with such series, the greatest fascination is in the frankness which comes with the passage of time: the revelation of Rab Butler's refusal to commit to paper what Smith perceived as a nod and a wink agreeing to independence; Wilson's fury at the failure of the white Rhodesian politicians to provide food for the black leaders, and so on. Though the significance of tribal identity could hardly be clearer, land ownership is a less explicit topic in this series than in the other two. Yet recent events in Zimbabwe leave no room for doubt that it is just what UDI was about.

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ARTS

The saying goes, "If you remember the Sixties you never experienced them." But it was late in the decade that everyone started crashing out on drugs and free love. In 1963 the flavour, even before JFK's assassination, was Hi-Fi Paranoia. The Cold War was rampant; the west had just survived the Cuban crisis; and anything to do with spies, secrets or nuclear showdown was big box office. The James Bond series, launched with *Dr No*, was about to go iconic with *Goldfinger*. And *Dr Strangelove* appeared, perhaps the greatest comic nightmare of its (or any other) time.

One man designed all three movies, and today he probably feels prey to sinister forces himself. A mere fortnight after I interviewed renowned film designer Ken Adam at the recent film festival in his natal Berlin - he emigrated to the west in 1954 for the usual reason (A. Hitler) - the cine-giant to whom we had devoted much of our conversation, Stanley Kubrick, suddenly died.

For Adam, who later won an Oscar for Kubrick's *Barry Lyndon* (plus immortality for six more Bonds), Kubrick was "the nearest thing to a genius among directors I've worked with. When I started on *Strangelove* I found this rather shy New Yorker, full of charm, with these piercing eyes. He was incredibly demanding. He wanted to see what made you tick. You had to justify intellectually everything you did."

It was a perfect teaming. Two Wandering Jews - Kubrick was from Brooklyn - met and worked on a friendly island between them. In 1963 Kubrick had just settled in Britain. Adam had been there 30 years. The art student who narrowly escaped internment as a German national and then became a second world war fighter pilot was now signing the sets of major movies.

Heir to an earlier exodus of German art directors including Alfred Junge (*Black Narcissus*) and Hein Heckroth (*The Red Shoes*), Adam was befriended after the war by the American who invented the term "production design": William Cameron Menzies of *Gone With The Wind*. "He was a virtual alcoholic, but he taught me everything, how to heighten reality, to stylise, to use colour for effect."

Adam recreated Verne-era Europe (*Around The World In 80 Days*) and Wilder-era London (*The Trials of Oscar Wilde*). He built a fleet for Homer-era Troy (*Helen of Troy*). He even designed Sodom and Gomorrah for the same-name epic, putting back up what God had razed a few millennia before.

Now God had his revenge on Adam. Not only the year was perfect for paranoiacs. So was that false Eden called Shepperton Studios.

"Stanley (Kubrick) taxed my talent to the breaking point. He would look over my shoulder as I was doodling sketches for the War Room - the huge imaginary Pentagon bunker where most of *Strangelove* was set - and say 'That's great, that's fabulous'."



Ken Adam: "Stanley taxed my talent to the breaking point. He would look over my shoulder as I was doodling sketches and say, 'That's fabulous'. Then at the last moment he would change his mind."

Designer of the Kubrick era

Nigel Andrews talks to Ken Adam, the man who won an Oscar for Kubrick's 'Barry Lyndon' and immortality for several Bond movies

"Then at the last moment he would change his mind."

Suddenly realising that Adam's galleried design would need expensive extras prowling in the background to make it convincing, Kubrick told him to re-do it.

"I went into the gardens at Shepperton to calm down. That's when I started drawing the triangle shape for the room you see in the film. I've been quoted as talking Stanley I chose it because it's the strongest geometrical pattern. But it was actually he who said that. Then he asked, 'What texture walls?' I said, 'Concrete.' He said, 'Like a giant bomb shelter?' I said, 'Yes'."

So was born that surreal super-vault, vast and claustrophobic, where Kubrick pressure-cooked his black comedy that ended - originally - with the biggest custard pie fight in history.

"It was quite brilliant, like *Hellzapoppin*. You had George C. Scott swinging from the lighting and Peter Sellers (as the President) sitting in the middle of the room making custard 'sandcastles' with the Russian ambassador. After days of filming the room was ankle-deep in pie. Blake Edwards of *The Pink Pan-*

ther saw the rushes and said it was the best pie fight he'd ever seen."

"But unfortunately at that time President Kennedy was assassinated and Stanley decided to take it out. We all ganged up on him and said, 'You must keep it', but he was adamant. I saw the

'Kubrick was the nearest thing to a genius among directors I've worked with. He was incredibly demanding. He wanted to see what made you tick'

sequence again recently and I must say I think he was right. It was very zany, a bit out of style with the rest of the film."

In off-duty hours, which scarcely existed, Adam drove Kubrick to and from the studio. "I had this E-type Jaguar and he wouldn't let me go over 50mph. I had to keep him entertained all the time with wartime stories,

every day for five months. Finally I ran out of stories and had to start inventing them."

"We were great friends, very close, almost like a marriage. At the same time - and this was the reason I didn't want to work with him again - I thought he had the power to destroy me."

Adam headed back to the security of Bond: straightforward movies that merely required Fort Knox to be recreated, large chunks of Rio to be set-dressed or a whole volcanic island to be blown up.

"That was in *You Only Live Twice*. Cubby Broccoli said I could spend \$1m but I had no time. Sean Connery's contract was running out and here was this 400-foot-long, 120-foot-high cavern to do, with a sloping lake in fibreglass. I called in civil engineers, construction engineers. I went crazy, broke out in eczema. I said, 'If this doesn't work I'll never design another film again.'"

It worked. So did Adam's sets for *The Ipcress File*, *Sleuth*, *Pennies From Heaven*, *Addams Family Values*. So did two costume films that earned him Oscars. The second was *The Madness Of King George*. The first,

hated by some, loved by others (including *me*), was directed by the man Adam had vowed never to work with again.

"I was on a movie in the south of France. Stanley rang and said would I do *Barry Lyndon*. I said I couldn't. He said, 'You're getting too much money.' I said, 'Well,

'We were great friends, very close. At the same time - and why I didn't want to work with him again - I thought he had the power to destroy me'

Stanley if you think I'm getting too much then forget it! But he came back later saying, 'Ken, my designer doesn't understand me. The money will be taken care of.'"

So Adam entered the new Kubrick nightmare. Half a dozen stately homes to be done up; the lighting to be all candles. "Every-one was talking about wicks instead of watts: double wick, tre-

ble wick. Nobody realises the heat those things give off. And the dripping. I had to design heat-shields to protect the ceilings and paintings."

"Stanley wanted to do it as a documentary of the period, going by French, British and German painters. He thought it would be cheaper to do it on location. But the house-owners got wise and wanted a lot of money."

Adam's second escape from Kubrick was his last. Today he commutes comfortably between Britain and Germany, where he is designing the core section of Berlin's forthcoming millennium exhibition.

"It's called *Images and Signs of the 20th Century*, it's all about particle physics, genetic engineering, geo-physics, the brain. I was shocked when they asked me. I've never been scientific. The reason I said no to 2001: *A Space Odyssey* was that Stanley had done all this research at NASA and I knew nothing."

But the returning Odysseus in Ken Adam said he should do it. So did others. "They all said 'Ken, you've got to.' Because this is my past. This was my home. This is the city that kicked me out."

COMPACT CHOICE

BLUR - 13

Food Records

Forget that portentous title: 13 is only Blur's sixth album, and finds one of Britain's most compelling bands in confident - perhaps over-confident - form. There is a variety and scope on this latest work which demands instant admiration; an emotional engagement, prompted by lead singer Damon Albarn's well-publicised falling out of love, and a refreshing urge to experiment which is hard to resist.

Yet 13 is, ultimately, a dignified failure. For a band blessed with the instinctive ability to make coherent, tightly focused albums, most notably with summer-of-hype *Parklife* in 1994, they have let things drift too far the other way. It was always asking much to combine Albarn's new-found lyrical rawness with the new range of sounds made available by producer William Orbit. At best, the results are impressively eclectic; at worst, the band rambles uncertainly and a little tediously.

There is little sign of things to come in 13's opening: indeed the first three tracks promise more than the rest of the album delivers. "Tender", the current single, is a shuffling teaser, with a Plastic Ono Band bass drum boom and country guitars sithering all over a full-throated gospel choir and Albarn's plaintive vocal. Too catchy to be pompous, huge radio presence: a perfect opener.

"Bugman" reprises Blur's "Song 2", with an unmistakable nod to Ziggy-period Bowie, while the fuzzed gui-



tars make Orbit's presence felt. "Coffee and TV" is mellow, verging on melancholy, cool and sprightly all at the same time. There is even a sly reference to the group's "Battle of the Bands" period, when Blur's "Country House" beat Oasis's "Roll With It" to the number one slot in the UK charts: "Do you go to the country? It isn't very far. There's people there who will hurt you, because of who you are."

But the rest of 13 is as far from the chirpy charm of those so-called Britpop days as could be. Leaving aside the wearisome punk pastiche of "B.L.U.E.R.M.I.", the mood begins to turn irrevocably bleak. Orbit does a fine job in texturing the sound - there is something of Eno's pioneering synthesiser work on the first Roxy Music album in these cold, stylish soundscapes - but the group's lingering mistrust of melody costs them.

"Mellow Song" is a just-about successful marriage of downbeat tune and dissonant accompaniment. But the weighty "Caramel", the obvious emotional core of 13 takes too many liberties. The twinning of Albarn's frank, pained lyrics and a pretentious crescendo is reminiscent of the worst excesses of 1970s progressive rock.

Crucially, "Caramel" tilts the balance of 13 the album gets bogged down, becomes darker, less accessible, even uncomfortable. By the time Albarn re-runs his misery on "No Distance Left To Run" ("It's over, you don't have to tell me. I hope you're with someone who makes you feel safe in your sleep") it is hard to feel for him.

But there is all the same much to applaud in 13's restless invention, which puts its talented authors at the very forefront of a currently stagnant pop scene.

Peter Aspin

A show of beauty rather than energy

Jackson Pollock has arrived at the Tate Gallery from New York - and looks quite different, reports William Packer

Been there, seen that - but don't you believe it. There may be those who, having seen the Jackson Pollock retrospective at The Museum of Modern Art in New York, where it enjoyed an astonishing success, think there would be no point in seeing it again in London, but they could hardly be more wrong.

Here his paintings appear the controlled and considered, consummately skilful objects of contemplation they are

With other forms of art, perhaps, the truth is more readily acknowledged: that a book re-read, an opera re-cast, music re-played, a play cast, must bring to the work a new insight and a refreshed experience. But with the visual arts, so it goes, it will only be the same old pictures.

The truth is, of course, that even to switch the same paintings about on the same wall will certainly shift and question our view of them. And when a large body of them must perforce be rearranged in a quite different

set of rooms, and the particular company of each single work re-thought, the differences can be dramatic. So it is with this Jackson Pollock exhibition.

Having reviewed it enthusiastically on seeing it in New York, there is little point in simply reiterating the case it so clearly made, and continues to make, for Pollock as one of the great artists of the century. But seldom can the same case have been made in such different ways - neither for better nor worse, but saying such different things, shifting the argument.

In New York, the show was hung in an extended linear sequence of galleries with comparatively low ceilings and all day-light shut out. Through it we followed the story of Pollock's creative development, and his attendant desperations, as Theseus followed the thread through the Labyrinth. It made for great urgency and visual drama, impelling us ever onward, and making all but palpable the physical energy of the work.

In London, by contrast, all is sweetness and light. It is not that it is a better hang, but only the more beautiful. And where in New York it was no less coherent - for both hangs have been admirably intelligent - here, with slightly fewer works available, it is certainly more cohesive, more compact in



There is much more to Jackson Pollock than the drip-and-flow technique: 'Stenographic Figure', c.1942

its arrangement. The effect is that it highlights not so much the changes as the essential unity of the work.

At the Tate the rooms are higher, the pace is slower, and the day-light comes flooding in. What this shift in emphasis tells us is, that while the energy and emotional drive so evident in New York was entirely true of Pollock the artist, and that his life, in all its sordid, boozy drift towards disaster,

was a necessary and relevant gloss, there is another side to the work which is no less true. For here is the painter not as actor and

principal in his own drama, but as painter, and here his paintings appear the controlled and considered, consummately skilful objects of contemplation they undoubtedly are. It is a most important corrective. No doubt his reputation will always be bedevilled by the circumstances of his life, but here the work stands up for itself.

What that work tells us is that there is much more to Pollock than the drip-and-flow technique, that genuine innovation with which he achieved first notoriety and then celebrity. He was a

painter first and last, a true painter with brush and paint on the end of it, and drip-and-run occupied him for barely half-a-dozen years from the mid-1940s to the early 50s. By 1956, when he crashed to his death at the age of 46, he had abandoned it.

Even before he did so, he was working simultaneously with truly-painted images, such as the black abstracted landscapes of 1951 that are oddly redolent of some British neo-Romantic painting of the 1940s, Sutherland especially: Pollock always accepted that reference to

figure or landscape lay close to the surface of his imaginings, even at their most abstract. And even while we consider those vast, evocative, dripped and clotted abstract canvases of the late 1940s, so beautifully hung together here, and Pollock at his most magisterial, it dawns on us even so that the paintings of the early 1940s, with their surreal totemic figures and clear acknowledgement of Ernst, Miro and Picasso, are as important, and as great, as anything he ever did.

People are flocking to see Monet at the Royal Acad-

emy, who might fear Pollock to be quite beyond them. But the great "Nymphs" paintings of Monet's extreme old age, teetering on the brink of Abstraction, they too are celebrations of paint as stuff on canvas, and the act of painting. See one, see both: The Royal Academy and the Tate are not a world away.

Jackson Pollock: The Tate Gallery, Millbank, London SW1, until June 6. Sponsored by The Guardian; an Anonymous Foundation; in association with American Airlines.

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Matches in search of a real spectacle

The collapse of its star event is a further blow to the world of squash, writes Michael Steinberger

The British Open is the Wimbledon of squash, its most coveted crown by far. In a sport plagued with fly-by-night tournaments, it has always been the one event that could be inked in the calendar.

But this year, for the first time since it resumed play in 1947 following the second world war, the Open has been postponed and may not take place at all.

The week-long championship was due to start next Saturday in Birmingham, but a lack of sponsorship money will now keep the trophy behind glass at least until autumn, perhaps indefinitely. Although the Squash Rackets Association, organiser of the Open, hopes to reschedule it for November, possibly in Scotland, no dates have been fixed, no fights booked.

With any other sport, a blow of this magnitude would prompt cries of anguish and howls of outrage. But the threatened demise of the British Open has elicited nothing more than a collective shrug from the squash world, which is sadly accustomed to such setbacks.

Over the years, efforts to win the game a place in the Olympics have yielded only frustration, with squash rebuffed time and again in favour of more fashionable sports (which had more money to lavish on host cities).

In the meantime, what passes for squash's pro tour limps around the globe, hobbled by paltry purses and amateurish productions: for its long-suffering

stars, stoicism and a sense of humour are almost as important as a crushing forehand and a feathery drop shot. In short, squash is a game desperately seeking its moment in the sun.

That respect has proved elusive in not entirely surprising, given that squash traces its origins to a 19th century English debtors' prison. These days, it is an old sport with a very modern problem: even if it gets air time it doesn't play well on TV.

Last year's British Open earned 20 minutes on the BBC's *Grandstand*, and Asia's *ESPN Star Sports* occasionally covers matches, but squash junkies generally have to look elsewhere for a fix. The small ball, odd angles, indoor setting and arcane scoring all conspire to make squash a dud on the little screen.

Countless dollars and hours have been spent trying to turn it into a more telegraphic affair - ball and court have been painted and repainted endlessly in pursuit of a colour combination pleasing to the camera - but mostly to no avail.

To compensate for the listless quality of televised squash, the sport's governing bodies have lately taken to doing the next best thing: placing events in picturesque venues. Cairo's Al Ahram International is now staged at the base of the pyramids, New York's recent Tournament of Champions laid siege to Grand Central Station.

But all eyes eventually fall on the matches themselves, and

because squash matches make for such infrequent and dismal viewing on TV, potential sponsors have little incentive to bank-roll tournaments. As a result, squash is not a particularly lucrative sport. The top two or three men can expect to pocket between \$250,000 and \$300,000 a year, including endorsements, but most other players struggle just to make ends meet. To keep their careers afloat, they must supplement their incomes, usually by teaching squash.

The richest men's event in 1998 was the \$175,000 World Open in

'If it's money you're interested in, don't play squash. I'm on the tour because I enjoy the lifestyle. I like travelling around the world'

Qatar, for which the winner, Canada's Jonathon Power, received a \$250,000 cheque. A typical squash tournament, however, sends its champion home with only about \$5,000, roughly half of what a first-round loser at Wimbledon gets.

The 24-year-old Power, ranked second behind Scotland's Peter Nicol, has made his peace with the minor-league pay. "If it's the money you're interested in, don't play squash," he says. "I'm on the tour because I enjoy the lifestyle. I like travelling around the world and playing in all these obscure places. Now that I've reached the top I expect a few

rewards, but for me it has never been about the money."

Things aren't all bleak, of course. The on-court exploits of world No 3 Ahmed Barada have made him a national hero in Egypt and given squash a lift throughout the Middle East. Likewise, strong recreational interest has helped keep the curtain raised on several tournaments in south-east Asia, despite the recession there.

In many quarters, too, squash boasts considerable social caché - it is surely one of the few sports in which the spectators

are often wealthier than the athletes.

And in one important respect squash is an easier sell these days: rarely has the game seen greater parity among its heavy hitters. Australians Michelle Martin and Sara Fitz-Gerald have given the women's tour its most electrifying rivalry ever, trading the No 1 ranking several times over the past four seasons and treating fans to some memorable clashes along the way.

Meanwhile, without an all-conquering Khan to contend with for the first time in two decades, the men's game has become an intriguing free-for-all. Pakistan's

Jahangir Khan, who reduced nearly every tournament he entered in the 1990s to a battle of bridesmaids - during one cruel stretch, he went over five years and 500 matches without a loss, a feat surely unparalleled in the annals of modern sport - retired in 1993; his successor, Jansher Khan (same country, no relation), was not as invincible, but still seldom tasted defeat.

A rash of recent injuries has knocked the 29-year-old Jansher off the circuit, opening the door for a new generation of stars, prominent among them Power, Nicol, Barada and England's Paul Johnson. An eclectic mix of styles, temperaments and passions, they have infused the tour with more diversity and panache than it has had in years.

The hope now is that this colourful cast of characters can lead squash out of the athletic wilderness. While conceding that television will always be a weak link, John Nimick, executive director of the Professional Squash Association, is confident the added competition and charisma at the top will stir interest in the game and help bring it more exposure.

"We'll never be as big as tennis," he says, "but overtaking badminton, which is in the Olympics and has more prize money than we do, is an achievable goal."

For the moment, though, Nimick's chief aim is simply to get the British Open back on track: "If we can't stage the British Open, that's a bad sign."

Something of the night about too many of us

Shiftwork is on the increase, says Leon Kreitzman, but it can seriously damage your health

In Japan, they call it *karoshi*. The Americans talk of shift lag. The universal acronym is Tatt - tired all the time. They are all talking about the same thing, the effects of night-working on our daily biological (circadian) rhythms.

Night-working is hardly new. Earlier this century, far more people worked at night - in the mines, mills and factories - than do so now. But in those days, they were nearly all unskilled working class. Now it is the middle classes that are having to learn to work shifts, and some are kicking and screaming.

In the US, which is in many ways leading the way into the 24-hour world, 20m people regularly work at night. In Australia, the Bureau of Statistics estimates that about 20 per cent of the workforce is on shift rosters, and the number is increasing. The national chief executive of the Australian Chamber of Manufacturers, Allan Handberg, says shift work will become increasingly common as economic imperatives force companies into round-the-clock production.

Official UK data from the Employment Department suggests that at the very least a little over 1.1m people work at some time of the night. Given that some day-time employees will occasionally work into the evening, it can be estimated that up to 4m people work in the late evening or during the night over the course of a year. More will have to do so.

A shrinking manufacturing sector competing on a global basis faces intense pressure to get the maximum return from its fixed costs. Modern machinery becomes obsolete before it wears out, so it is vital that machinery use is maximised. If plant A operates 168 hours a week and plant B works only 50 hours, then plant A will have unit capital costs about one-third that of plant B. This, rather than lower labour costs, is more significant in the debate about international competitiveness in manufacturing. The result is continual 24-hour factory working.

At the same time, the growing services sector in a deregulated environment has to be open when the demand is there. This is one of the lessons to be drawn from opening shops on Sundays.

Added to that is a coming generation unfamiliar with the word wait. If being middle class used to mean self-denial, it now means self-gratification. Today's teenagers take it as a personal affront if they cannot have what they want right now. The successful supplier will be the one who can profitably meet customer demands, whatever they are and whenever they are made. If that happens to be in the middle of the night or first thing the next morning, then so be it.

Many UK businesses are still working to a time pattern, set long before the second world war, which bears no relation to the way the world operates now.

The public has become used to saving time by buying convenience foods and microwave ovens; they also know about value for time, namely that an experience that uses up time should be a worthwhile experience and provide them with value for the time they have given up. Now they are learning about the third of the time criteria - time choice, or having the freedom to choose when to do something.

As a result, millions more will have to work non-conventional hours to satisfy the demand for goods and services at times dictated by the customer's wants. But there is no getting away from the fact that working the night-shift can be hard. Some researchers consider the health effects of working rotating shifts - days on, then nights - as as damaging as smoking a packet of cigarettes a day. Night-workers can suffer from higher levels of

indigestion, ulcers, diabetes and ischaemic heart disease, probably resulting from eating inappropriate and difficult-to-digest meals during the night. Other problems include chronic fatigue, excessive sleepiness, and difficulty in sleeping.

Part of the social toll on those who must work rotating shifts is reflected in an increased divorce rate. Shift workers are also known to have higher rates of substance abuse and depression, and are much more likely to view their jobs as extremely stressful.

Yet the pressure is on for a 24-hour world in which the old nine to five, five days a week with weekends off work pattern is a minority pursuit.

Those who work at night perform less well and make more errors. In Britain, sleep-related workplace accidents cost at least £114m a year. The risk of injury on the night-shift is more than 30 per cent higher than on the day shift.

The key Nasa officials involved in the Challenger space shuttle disaster made the decision to go ahead after working for 24 hours and having had only two to three hours of sleep the night before. Their error of judgment cost the lives of seven astronauts and nearly killed the US space programme.

The best thing from a circadian



perspective, is to work a long string of nights, say four to six weeks. The idea is that each person can group together their nights for the year and only have to shift their circadian rhythms twice, once on to nights and once back again. Everyone will work hard for that one period, but have 10 to 11 months of the year when they will only work an occasional night, on special cover.

The worst thing is the zombie schedule such as working 14 out of 15 days, 16-hour shifts, unpredictable and excessive overtime.

The strategy often used in Europe is to work as few nights in a row as possible, ideally one. The idea is to never shift the circadian rhythms but to maintain a constant diurnal orientation. Working four- to seven-night shifts in a row is universally condemned. The body suffers from inappropriate phasing during each night shift and then just when the body starts to adapt to nights, it switches back again, experiencing the worst of both systems.

Astronauts face peculiar time shift difficulties. When orbiting the earth every 90 minutes, they experience 16 sunrises every 24 hours. The interior of the spacecraft is kept very bright and the astronauts receive doses of bright light and melatonin. A great deal has been learnt from the space flights and the speed of advances in chrono-biology makes it likely that it will soon be possible to adjust circadian rhythms rapidly using combinations of light and drugs. If that possibility is realised, then workers will be able to adjust their rhythms to match their working conditions.

■ Leon Kreitzman is the author of *24 Hour Society*, Profile Books, £16.99.

What's a centre for well being?" my husband asked as we walked through the grounds of Arizona's Phoenician Resort.

"It's the resort's spa, where they have all sorts of unconventional treatments...herbal wraps, Ayurvedic massage...very spiritual. You should try one. It would balance your chi."

"Thanks...I'll stick to golf." While the Phoenician Resort's golf course is world class, so is the spa, offering treatments to heal both body and mind. Meditation classes are held daily, and tarot reading is available.

I'm for all things New Age and spiritual, but as soon as I saw the sleekness of the competition at the poolside, a baser instinct kicked in.

"I need to look great in a swim-

An out-of-body experience in more ways than one

All it took was two days and a look at the competition, and Marisa D'Vari became a New Age zealot

suit." I told one of the pretty 19-year-old receptionists. "Book me for the works."

First came a lymphatic massage. It sounded a bit medicinal for that afternoon's goal of looking great in a lounge chair, but why not?

Therapist Anna kneaded my lymph system, where last night's poisonous Margarita probably lurked. Afterwards she performed a reflexology treatment on the soles of my feet to help my internal organs release more toxins. After the treatment, she

stood over me, making sure I drank enough water to flush the toxins out forever.

"If you don't," she warned darkly, "they can come back and recirculate."

Horrors. Liver and spleen sparkling clean. I bounded over to my herbal wrap appointment.

"We use ginger, clove, allspice, and rosemary in this treatment," explained the chipper attendant, layering my body with fragrantly spiced sheets.

When I was as swaddled as a mummy, she left the room, prom-

ising to check on me from time to time.

"I'll be OK; no need for it," I assured her. This was baby stuff compared with being left alone in a room with 1,000 needles impaled in my body in an acupuncture treatment.

Though I had only hoped to lose that last crucial box of water that stood between bikini bliss and madness, I was surprised to find myself having something akin to an out-of-body experience.

Where was I? Who was I? Did it

matter? I felt my chi soaring pleasantly through the universe.

The next day it was on to another massage. Ayurveda is an ancient Indian philosophy that categorises people by body types into three groups.

Before I was given the Ayurveda Bindi massage I had to answer several questions so the therapist could use the right herbs and oils to balance me out.

Is my frame athletic? Yes. Do I speak sharply at times? Yes. When I'm hungry, do I need to eat immediately? Definitely.

To my surprise, every physical and emotional trait marked me distinctly as a Pitta (fire and water).

Because the therapist wanted to counteract the fire and water attributes of my type, she applied herbs for the thin, eat-like-a-bird Vata body type and the rounded, slow-moving Kapha body type in a paste all over my body, then sloughed them off with a loofah-like sponge before massaging a fragrant oil into my skin and wrapping me in warm towels.

"I'll leave you to relax in the darkened room for five minutes," she said, off to brew Ayurveda tea.

"Make it 15," I pleaded, remembering my delicious soul-soaring experience the previous day with the herbal treatment. Even before I heard the door close, I felt virtually unconscious. The sensation was intense, powerful, exhilarating, yet relaxing at the same time.

Lured to the Phoenician's Centre for Well Being purely for a cosmetic sprucing up, I left a New Age zealot. That night, at the hotel bar, I sipped mineral water.

■ The Phoenician, 6000 East Camelback Road, Scottsdale, Arizona 85251. Tel: 602-941 8200, reservations 602-941 4311.

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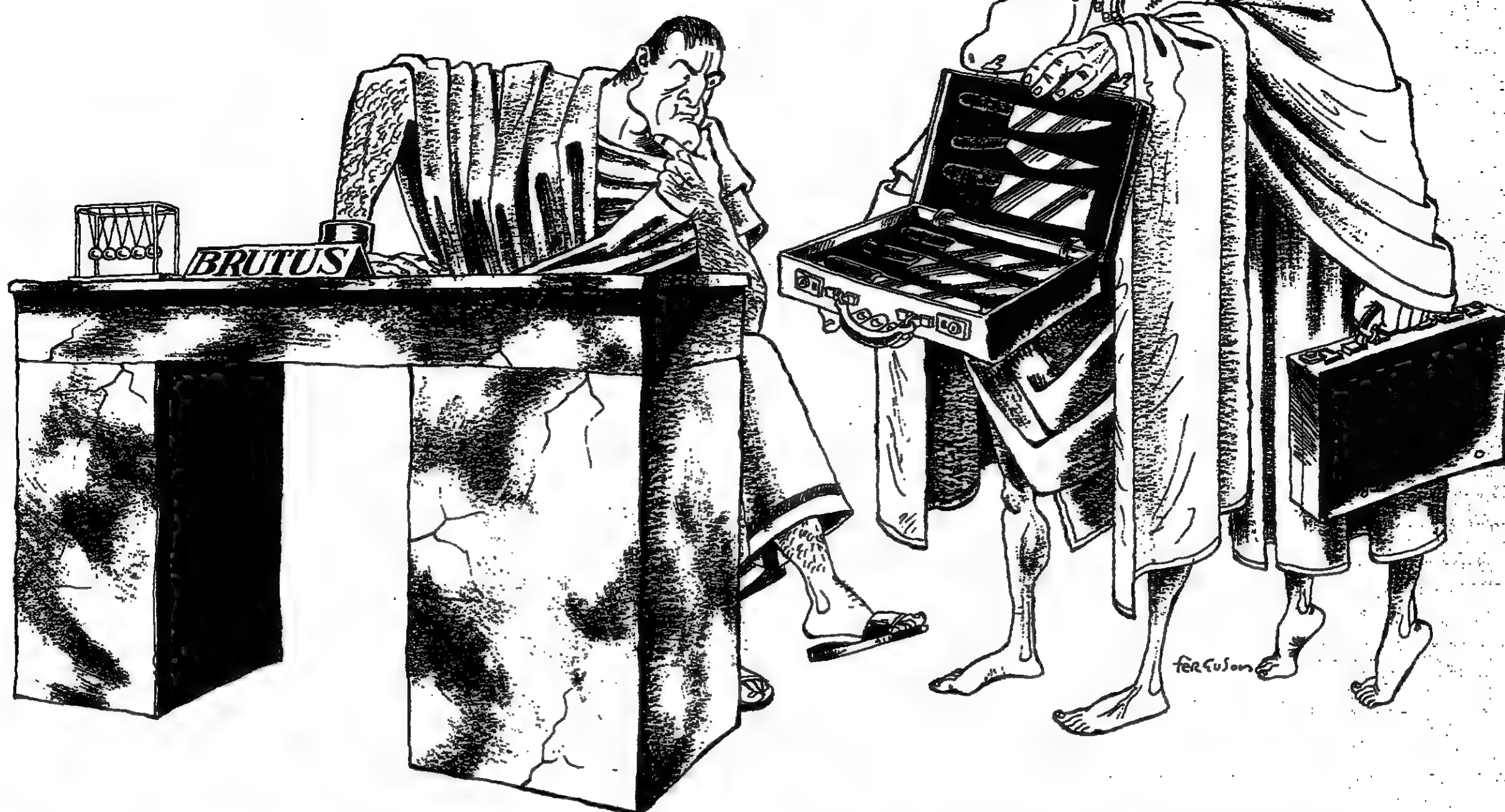


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A slice of life need not be brutal

High quality knives are worth an investment. Holly Finn asks London's best chefs for their most cutting remarks about the essential kitchen utensil

The Romans were a quirky bunch. Take their cuts, if now cryptic, names for days of the month: the Kalends on the 1st, the Nones on the 5th or 7th, and the Ides on the 13th or 15th – depending on the month. For any other day, they added and subtracted. So, thinking Romanesque, today isn't Saturday. It's Two Days Before the Ides. And not just any Ides, the Ides of March.

We're not as admiring of the ancients as we might be. March 15 was a big day for them – the festival of their new year, and the day one of their greats was cut down. Poor old Caesar didn't know what slashed him until it was too late and he started talking like Bob Dole, in the third person (see Shakespeare: "Et tu, Brutus! Then fall, Caesar").

I'm not suggesting blood red cocktails on Monday. There's certainly no need for a return to togas and vomitorium. No need to pay the soothsayer, either. But shouldn't we do something to celebrate the day of be-wareness? In honour of the things that slay us, we take a look at how to choose the best knife for the job.

The quality of a knife depends on much more than meets the eye, but mostly on the blade. All are made of steel, which is why, traditionally, blades have been manufactured in towns such as Solingen, Germany, and Sheffield, England – known for their supplies of metal and facilities for metal-working.

The composition of steel can, of course, vary as much as the loyalty of an emperor's friends. The amount of carbon in what determines the metal's ability to take an edge and to be resharpenable. Unfortunately, carbon also leads to rust and discoloration, so other agents need to be added.

"Stainless steel" includes a high proportion of chromium, which makes the metal rust-proof, but also harder to resharpen. Today, high carbon no-stain steel is the preferred industry standard. It is at once non-corrosive, though not quite enough to be called stainless, and still able to retain an edge. Other alloying agents, such as vanadium and molybdenum, can also be added, to further strengthen and harden the metal.

The shape of the blade is either forged or stamped. Forged blades are formed singly, when a lump of hot steel is hammered into shape, blacksmith style. This way, a solid extension of metal called a "shoulder" is created, which will firmly join blade to handle.

Stamped – or blanked – blades don't have this feature. They are cut from a sheet of rolled-out steel, many at a time, like a pie top from pastry dough.

Some say that forged blades are inherently stronger, because they have been hammered so much their molecular structure is actually denser, while stamped blades, made from

steel that's been spread out during rolling, is less resilient. Either way, the blade receives what's called a Rockwell measurement, gauging its flexibility, strength and hardness. "52°C-64°C" is good enough for Brutus, good enough for you.

The grinding and sharpening of the blade edge is crucial. Again, things get a little molecular. Because the metal has been heated and cooled, its molecules have expanded, then contracted in a random pattern. To realign them, the blade edge is ground, usually in a "V" shape that tapers to a point. In the process, the molecules become perpendicular to the edge, their tops forming a sharp, sawing surface. When a knife goes dull, it is because these molecules are out of whack (the edge having turned to one side or another) and they need to be realigned in order to cut smoothly.

These are the basics. Of course, knives also vary cosmetically – offering a choice between a wood or synthetic handle, for example – and functionally. There are plain old peeling knives, and utility knives, and slicers in a variety of sizes. Then there are tomato knives, with or without double prongs at the tip, trimming knives, salami knives, salmon knives, decorating knives for putting the groove in crudites, box cleavers, standard steak knives, curved skinning knives,

confectioners' tapered knives, even frozen food knives with edges so elaborately carved in the steel, they're rococo.

But which of these is really necessary? For Gordon Ramsay, chef and owner of the restaurant in Chelsea, a superior carving knife is essential.

His is from Wüsthof, a German family-owned business that has been making professional quality kitchen knives (including the frozen food model) for six generations.

"Thin, serrated and flexible, with a gapless bond between handle and blade, Ramsay's

is forged from high carbon no-stain steel and underwent 38 manufacturing steps before reaching the hand that wields it now.

Ramsay uses his Wüsthof to cut duck and lamb, and turkey at Christmas, because it moves through the meat so cleanly. "It's refined," he says. "You don't slice the meat at the butt. Instead, the whole blade glides through flesh with, as the chef says, 'finesse'."

Peter Gordon, the chef behind the Sugar Club's exotic dishes, prefers a knife made by Japanese manufacturer Global which, he says, "decided to make knives the quality of

samurai swords". First designed in 1985, these knives are to the 1980s what Sabatier knives were to the 1960s: the It Utensil.

Both blade and curiously separated handle (high-tech holes have been punched in) are forged from the same bulk of stainless steel, which has been strengthened with molybdenum and vanadium, and hardened to Rockwell 56°C-58°C.

Gordon's favourite model is a basic, lightweight cooking knife. As he tends to use the same knife for everything, he has chosen this one because it stays

sharp, is easy to use, and he finds the unusual handle satisfactory ergonomic.

At The Savoy, Anton Edelman's preferred knife is from the Legacy Forged range of an American manufacturer, Chicago Cutlery. A medium chopping knife, it boasts a walnut handle, a very wide blade, "has beautiful balance and cuts awfully well."

Edelman is not convinced that a superior knife will turn a bad chef into a culinary genius, but says it can make a difference. Finely chopped vegetables, for instance, actually taste different.

And a fine chopping utensil not only saves flavour, but digits. "I never cut myself with a sharp knife," says Edelman, "only with a blunt knife." This is because dull blades lose their grip more easily. They also sap elbow energy.

Despite all the technical advances in kitchen machinery, Edelman remains a great believer in hands-on cooking and in the well-made manual tools that make it possible, like Chicago's. "Nothing beats the hand for precision in cooking," he says, "which is strange when you think we go to the moon."

Chef Stephen Bull is not as much a fan of what he calls "designer knives". He finds them "too finely engineered", sometimes so fragile that they chip, bend or split at the end. He has "always been happy with the rather humble Victorinox", a Swiss-made range of knives.

Wood-handled, strongly riveted and well-curved, Bull's knife allows him to get the "good rocking motion" which is key to his preparation. "A knife is rather like a jug," he says. "Jugs don't have to do many things. But it's rare to find one that pours but doesn't drip."

Knife design may seem static to the lay cook, but strides are still being made in an industry that's as old as cave art.

Bernard Dressler, who founded Dressler American Marketing Company, which makes Messermeister knives, recently introduced a knife specifically designed

for the female hand.

In the company's San Moritz range, it is fully forged from high carbon, no-stain steel and features a full-scale blade with a synthetic handle (made of extremely strong polyoxymethylene) that is slightly downsized, "more geared towards women, because they have smaller hands". The rebalance of the knife allows a more petite hand greater control.

Dressler's great grandfather was a German immigrant who imported knives from Solingen, Germany, and sold them in the US, starting in 1898. Today, Dressler's range is sold worldwide.

He concerns himself not only with selling to, but educating his customers. A good knife should last up to six years without sharpening. Washing in a machine will cause a knife injury, because of high temperatures, harsh detergents, and all that jostling around.

Electric knife sharpeners are also a hazard. Knives should be sharpened only with a butcher's steel or a whetstone.

Otherwise, metal from the knife edge may actually be whittled away, instead of being neatly realigned.

If only Brutus had known just how complicated this knifing business is. He might have thought twice about being a back-stabber. But at least now we've got something to celebrate on Monday: the use of high quality knives to good

rather than dastardly end.

Books for Cooks 4

Blenheim Crescent, London W11, tel 0171-221 1998, stocks:

Messermeister (from £8 to £55), Chicago Cutlery:

info@chicagocutlery.com, tel +800 545 4411, Diversivest:

45-47 Wigmore Street, London W1, tel 0171-935 0688, stocks:

Global (from £16.95 to £82.95), Victorinox (from £6.45 to £42.50), Jarry's Home Store:

163 Fulham Road, London SW3, tel 0171-581 0909, stocks:

Wüsthof (from £2.50 for an Avantgarde range peeling knife to £52 for a Classic range salmon knife);

Messermeister in the US, tel +905 640 0051, Pages

Catering Equipment 121 Shaftesbury Avenue, London WC2, tel and mail order

0171-565 5349, stocks: Global (from £17.25 for a paring knife to £20.50 for a cook's knife or meat chopper);

Wüsthof (classic range from £6 for a paring knife to £20 for a cleaver);

Staines Group Catering 15-19 Brewer Street, London W1, tel and mail order

0171-437 8424, stocks: Global (from £15.45 plus value-added tax for a peeling knife, to £22.50 for the biggest cook's knife);

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Summers & Bishop 100 Portland Road, London W11, tel 0171-221 4566, stocks:

Global (£18.75 to £58).

Additional research by Edwina Ings-Chambers.



She ain't heavy, she's my mother

Holly Finn suggests spending time walking in support of breast cancer research, then celebrating la grande dame with a glass of champagne

Sometimes saying thank you is just not enough. When someone has cooked you salmon en croûte. Or, after a long rainy Monday, when you are buying a lone tube of toothpaste on your way home, the person ahead of you in the supermarket line who has a cartful of food has let you go first. Or, on a different level altogether, when someone has given birth to you.

They say one of the most stressful jobs is being a fighter pilot and landing your jet on the narrow strip of an aircraft carrier in choppy seas. Well, motherhood must be right up there – and more. Starting with labour and going on seemingly forever,

in between it involves a deal more low-visibility navigation than any combat manoeuvre.

Mothers do a hell of a job, and tomorrow is their day in Britain. On other holidays, a box of chocolates might be enough. For this, there are better ways of spending it – in terms of true value for money and time spent. Here's one: take a walk.

Tomorrow, all over the country, walks have been organised by Breakthrough Breast Cancer to fund vital new breast cancer research. Founded by Bill Freedman in 1991, after his wife died, the charity has, with the Institute for Cancer Research, opened the first treatment and research

centre in the UK wholly dedicated to tackling breast cancer: the Breakthrough Centre in Fulham, south-west London. So far £15m has been raised. A further £5.5m a year is needed to bolster existing programmes and to start new ones.

Breast cancer is the single most common cause of death among women in the UK aged 35-54. Because mothers have always been around when you needed them, and because you would like them to stay that way, a very good Mother's day gift would be to take time (just think of how long she spent making you all that marmite on toast) to join one of these walks. Money can be

contributed through walk sponsorships, or directly donated to the charity.

Cherry Grout, a mother of three in Buckinghamshire, found a lump last year that turned out to be non-malignant. A friend of hers was not so lucky, and died from breast cancer. So Grout will be walking with her three children tomorrow.

"All I want for Mother's day is healthy happy children and a loving healthy husband," she says. "It's the healthy bit that matters... And maybe a home-made card, none of this shop-bought nonsense."

Sound familiar? It's what your mother taught you: others should be treated as you wish to be, your shoes

should be kept well-mended so you never look down at heel, and thoughtful presents trump shallow, splashy ones every time.

Which is not to say that having walked the walk, you and your mother don't deserve to celebrate. With a bottle of Veuve Clicquot La Grande Dame perhaps?

Named after Madame Clicquot herself, a pioneer in rosé champagnes (which Veuve Clicquot was the first to export and still does), the 1990 vintage is 81 per cent Pinot Noir, 39 per cent Chardonnay. It's a heady mix of sweet and nutty tastes that will make those shin splints disappear in no time.

So lace up your boots and

get out there tomorrow. Some of the walks are just 1½ miles long, some are up to 10. Whichever, you will be spending it – time and money – and doing your mother proud. A toast to that.

Breakthrough Breast Cancer, Fifth floor, Kingsway House, London WC2 6QX. Main no: 0171-405 5111. Contact number for the walks: 0878-623710, web site: www.breakthrough.org.uk

Veuve Clicquot La Grande Dame 1990 (B55) and La Grande Dame Rosé 1988 (B50) are available from Fortnum & Mason (0171-734 8040), Harrods (0171-730 1234), Harvey Nichols (0171-535 5000) and Selfridges (0171-629 1234).

JP 11/150

2005 – a space oddity

It's been called the bag of the future, like no other you have seen – and bag ladies with lots of cash are snapping it up. Have they been enlightened, or duped? Fashion correspondent Vanessa Friedman deconstructs the Chanel fashion accessory that cannot be ignored

Same time, last year. Place: the Chanel boutique on Avenue Montaigne. Occasion: the autumn/winter show. Hemlines had dropped, waists were loosening up, clients were ecstatic about the Gatsby-ness of it all.

Except, amid all that retro, there was something odd. Held in the crook of Naomi Campbell's arm and cradled by Linda Evangelista, was something resembling the offspring of a manta ray and a Philippe Starck household appliance.

"The Chanel 2005" proclaimed Karl Lagerfeld backstage to scribbling editors. "The bag of the future."

Given that the house of Chanel has long been producing The Bag for a certain sort of well-heeled woman (in case you didn't know, the official name of the quilted number is the "2.55"), and given the recent resurgence in the popularity of other bags from the past – Hermès's Kelly and Birkin, the ubiquitous beaded purse – this was no small statement. It was big-time, a kind of Amelia Bloomer throw-off-the-past moment, a Coco Chanel jacket-should-be-cardigan moment.

As the prototypes finally enter the shops, and "2005: the next generation" is touted

squishy and stuffable. It doesn't, at least at this point, telegraph "Chanel" (it barely telegraphs "handbag"). It puzzles people.

"It's a weird shape," said Joan Juliet Buck, editor of French Vogue, at the last show.

"It looks like it was moulded from an aeroplane seat," observed Suzy Menkes of the Herald-Tribune.

"But it's an interesting, weird shape," added Buck.

In many ways, "interesting" is the operative word when it comes to the 2005. When you go beyond first impressions and start to probe into the detail of the bag, it turns out to be as much an intellectual construct as an accessory.

Just take the name. Most women, if they thought about it at all, would think, "OK, millennium", but that isn't the half of it. The "2", for example, indicates the fact that the bag had its debut two years before 2000 – not in 2000 itself. The "05" designates the international dialling code, which in turn designates the international clientele of the house. As for the "s", well, Chanel No 5 springs to mind.

And that's just the beginning. "For me, the shape is the most important thing," says Lagerfeld. "It's aerodynamic, and it mimics

from the waist down, or, reversed, a female torso. The curves mean the bag fits a woman's body like a kind of organic accessory, hugging the hip, or snuggling tight against the waist if tucked under one's arm.



Such shapes may occur in nature, but not usually in handbags and it took a year of computer design to achieve the form. Virtual reality programs, 3D imaging and aerodynamic engineering techniques were used. The result is an aluminium frame (a material favoured in the aerospace industry), which supports two perfectly symmetrical hard sides of polyethylene (formed by injecting the lightweight thermoplastic into a mould) that open and shut with one flick of the wrist.

Polyethylene, which is chemical – and moisture-resistant, is normally used in packaging and insulation, not handbags, but you can see its advantages: it forms a rigid shell, while remaining lightweight. The 2005 weighs only 780g. The 2005 isn't all futuristic, advanced fabrication however. It also has a traditional Chanel aspect. Each side of the 2005 is covered by hand in the house's signature tweed or jersey, and the curves of the two body pieces – convex Cs which blossom out into a pair of rounded, very suggestive, shapes at the bottom – signify the house's name.

The twin-C logo is still there, though this time engraved on two aluminium

discs which wink out from either side of the bags like eyes. The whole thing opens like one of Lagerfeld's signature fans, exposing an interior composed of eight nylon mesh pockets of varying sizes for the handbag necessities of life: a mobile phone, diary, compact, pen, breath mints. At last October's show, one model, in bathing suit and towel, proceeded to lie on the runway floor à la sun worshipper, placing her 2005 under her head. "I'd use it for sleeping on an aeroplane," said model Karen Elson, miming the bag's myriad functions after the



show. "Or you could use it as a seat" – placing it under her bottom – or "if you wanted, as a spare pair of bosoms" (This last is debatable.)

"It's a weapon," said Lagerfeld, tapping the firm sides and genially demonstrating the bag's self-defence capabilities in the case of attempted mugging. "You just... whack!"

It's a costly whack, however. At £1,010 for the standard size, and £335 for the mini, the 2005 is slightly more expensive than the 2.55 (£285). And some may feel that the finish, at that price, leaves something to be desired. Will women think that technical and symbolic invention, even at the

how to spend it

fall into one of two categories: women who are "bag freaks", and always want the latest styles", to quote one client; and women who, to quote another, "like the practicality of the pockets – they mean I don't have to dig around blindly to find what I want".

Historically, the allure of Chanel has never been intellectual. It has always been emotional and elitist. Women buy Chanel because it's accessible and recognisable – to those who wear it and those around them. The 2005 is a departure from that simple standard, because it is complicated. (Face it: if you want complicated and intellectual, you shop at Comme des Garçons.)

But as the 2005 is as immediately recognisable as any Chanel item to date, it's quite possible the 2005 will become a lasting sub-species of the Chanel brand, rather than petering out in a Darwinian fight with the 2.55.

At the least, it's likely to prove a clever marketing tool for reinventing the brand, prompting a sort of sartorial evolutionary spike by drawing in new blood in the form of new customers. Not surprisingly, it is the younger customer, the one who works with ergonomic keyboards and takes Tae Kwon Do, who is most likely to appreciate the 2005.

So is it the bag of the future? Well, let's just say it would be – not pretty, but provocative, to think so.

From the side, the 2005 bears more than a passing resemblance to the relaunched and newly cool VW bug

out on the runway, it seems a fitting time to take a cold, clear look at the substance of Lagerfeld's claim.

The first thing you notice about the 2005 is what it isn't. It isn't, for example, rectangular. It isn't quilted. It isn't attached to a gold chain. It isn't soft and

the form of a woman's body. There is nothing pointy. It's in the spirit of all the cars we are seeing now.

From the side, the 2005 bears more than a passing resemblance to the relaunched and newly cool VW bug. Head-on, it looks either like a female body

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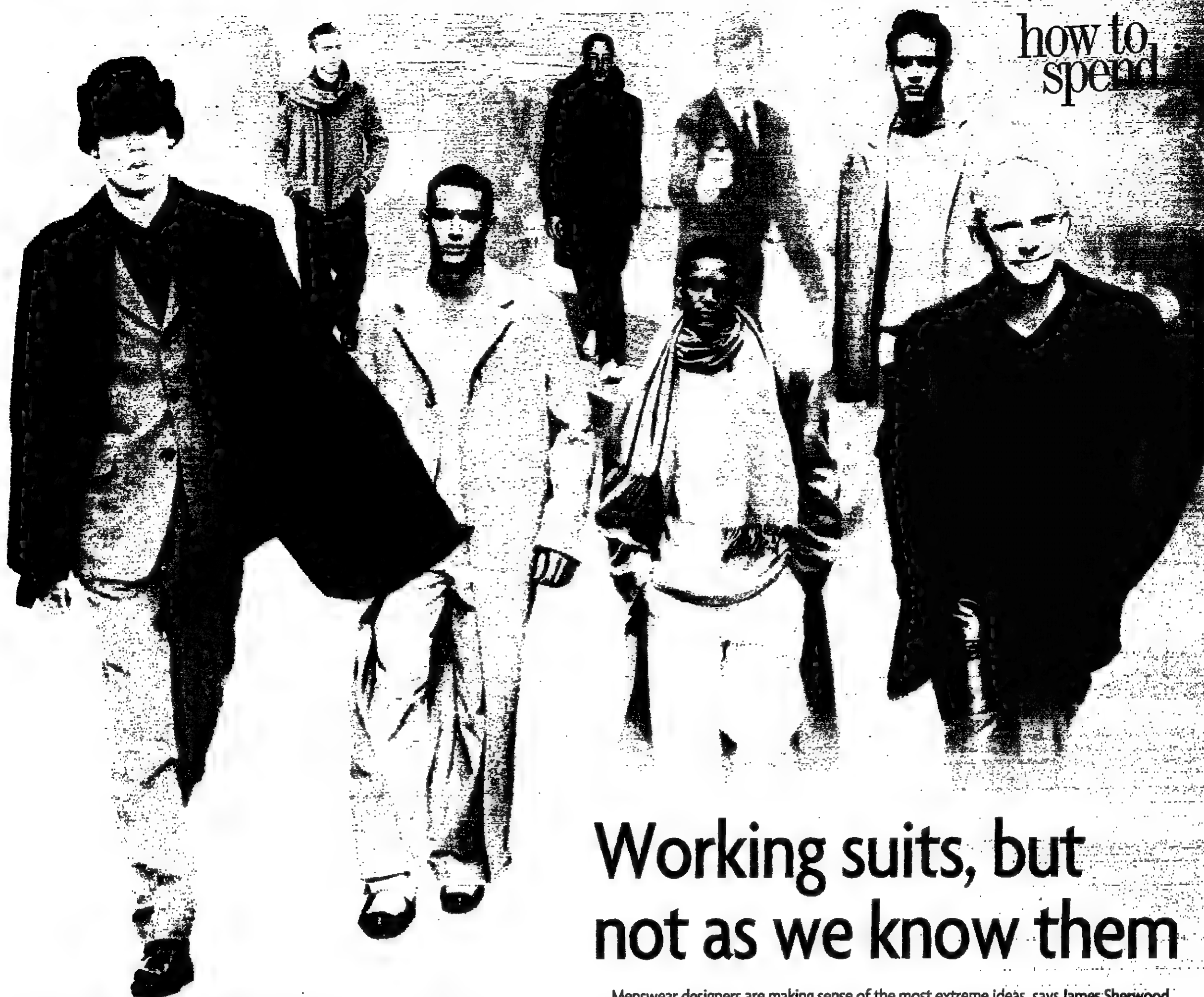
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how to
spend

Working suits, but not as we know them

Menswear designers are making sense of the most extreme ideas, says James Sherwood. All are agreed: the heavily constructed suit in traditional fabric has had its day

You could hear a pinstripe drop: menswear for autumn/winter 1999-2000 is loosened up and streamlined. So now's the time for British men to cast off the ties that bind, and throw on a pashmina. Clockwise from left to right: Armand Basile, Paul Costelloe, Gianfranco Ferré, John Rocha, Krisia, Carruti and Hermès

Photographs: Chris Moore; Montage: Michael Higgs

The refinement of proportion and finish gives the Breguet style timeless appeal. The ultimate hand-wound pocket watch, engineering on the silvered gold dial was introduced by Breguet around 1790 and requires a level of artistry never more than ever.

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Unveiled by Breguet in 1791, the automatic movement is still today the emblem of the brand. It is the only watch with five jewels, a movement in complete harmony with the movement of the movement.

The celebrated "petite" hands in blue steel are now known the world over as Breguet hands. Created in 1791 by Abraham-Louis Breguet, they combine the finest craftsmanship and style of the Breguet watchmaking tradition.

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The suit, probably made with enough stretch in it not to crease. The trousers are black and the silver belt buckle is probably Gucci. Instead of a shirt and tie, the working wardrobe allows for a monotone merino wool sweater. Accessories, from Ferragamo pigskin attaché case to Patek Philippe watch, are correct.

Image is the altar at which continental men worship. Fashion and labels matter less to them than does the ability to manage others' perceptions of them. This is the era of communication, after all, and clothing is a language. It communicates an attitude. By refusing to address fashion, men make themselves monosyllabic.

Apart from the handful of advertising executives who discovered Yohji Yamamoto in the late 1980s, British businessmen still cling to the chalkstripe suit with shirt and tie.

Despite a few fast-forward

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Most men will not admit that fashion has any impact on their working life. British men, in particular, bull-headedly persist in ignoring the catwalk. Most would not be able to say who Walter van Bieren donck is. In fact, he is the Belgian designer who showed a skin-tight black bodystocking - complete with hood, gloves and visor - as menswear for the millennium.

OK, a male bodystocking isn't likely to convert fashion agnostics. Nor are headscarves tied - HRH style - under the chin at Comme des Garçons for autumn/winter 1999-2000 in Milan. Or Italian label D-Squared's tight white briefs with moon-boots and matching fur coat.

Menswear designers don't do themselves any favours. Every season they give doubters far too many reasons to ignore their names. But nevertheless the autumn/winter 1999-2000 menswear shows matter; they remind the British male that he needs to get in on the act.

In Milan, Geneva or Copenhagen, unless you frequent certain after-hours clubs, you don't see executives in fur moon-boots. Continental men have a very precise, very defined uniform.

The suit, probably made with enough stretch in it not to crease. The trousers are black and the silver belt buckle is probably Gucci. Instead of a shirt and tie, the working wardrobe allows for a monotone merino wool sweater. Accessories, from Ferragamo pigskin attaché case to Patek Philippe watch, are correct.

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Despite a few fast-forward

pieces of catwalk nonsense, menswear generally moves at an understandable pace. Changes are minuscule - the depth of a turn-up, the number of buttons on a single-breasted jacket, the shade of camel used for a trenchcoat. While wild tangents may point towards broader trends, the core designer collections speak clearly about what's right now.

The most fundamental trend for next autumn/winter is the complete relaxation of tailoring. It's as if the suit has breathed a sigh of relief and eased up around the body. Fashion magazines may prematurely report the death of tailoring, but the two-piece suit is still the cornerstone of a working man's wardrobe. But not as we know it.

This season designers have reached a consensus: a heavily constructed suit in traditional fabric is not modern. Bulk is bad, as is excess padding, linings and superfluous detail.

Giorgio Armani has designed the prototype for relaxed tailoring in 2000. For

need to loosen up, to streamline rather than don the traditional pinstripe flannel armour. So Carruti, Costume National and Kenzo, for example, have produced collections of separate jackets and pants.

As for colour, there's nothing to be afraid of this autumn/winter. Costume National and Versace may lead the way, but designers have again agreed on the basic virtue of black. Hermès' black leather pants worn with a suit jacket encourages men to mix-up fabrics, pulling the look together with one tone. Leather, suede, angora and cashmere already have a VIP pass to a working man's wardrobe in Europe.

The "smart casual" issue is perhaps the biggest sticking point for British men; they don't know how to finesse it and, as the designer shows have made clear, they should. The Krisia collection explained how to wear fine camel cashmere coats over off-white knits and more casual trousers. These "coffee shop colours" spilled

fashion fools. The industry may talk down the London menswear shows, but they provided a showcase for two of the most inspired menswear collections of the season.

John Rocha gave us a masterclass in relaxed tailoring with velvet suiting cut like a frock coat that refused to look retro or fancy dress. His cashmere and mohair knits were snappy without being stuffy. The flashes of Mongolian lamb and ponyskin give men the something-more-than-minimal we demand from a designer piece.

Paul Costelloe's collection swathed a pashmina print scarf over the two-piece suit, which personalised an otherwise pukka Donegal tweed. Here were flashes of inspiration that could be toned up or down.

Menswear in Britain has never had it so good. Savile Row reinvented itself five years ago and now includes "new establishment" tailors Richard James and Oswald Boateng. The British have access to the cream of international designer fashion. They have a high street second to none. There is also a secret weapon: a further tier of designer menswear that consistently makes sense of the more extreme catwalk trends.

Joseph's most recent capsule menswear collection for autumn/winter takes basic luxe fabrics such as grey alpaca and cream-boiled wool and moulds them, beautifully, into the softer shapes of the season.

The prestigious house of Burberry is perhaps the most worthy of watching. Having repackaged its brand of Englishness to accommodate key global menswear trends, it recently showed a 100 per cent camel cashmere coat that tells you all you need to know about the direction menswear is taking.

The coat is cut generously. It is unlined, the inside as exquisitely finished as the outside. It is good design well-executed and, from among the thousands of garments shown on the international catwalks, it is the one item every smart man will want to choose come 2000. British men, in particular.

Every season menswear designers give doubters far too many reasons to ignore their names.

But the autumn/winter shows matter

autumn/winter, Armani presented a "Men without ties" collection, putting fine cashmere funnel neck sweaters under easy stretch suiting. He moulded soft jackets to the body and took all the detail away from suit trousers - making them slim - fitting with no pleat or turn-up. The concept is suiting that fits like a second skin and feels weightless.

All menswear designers give the customer a variation on the two-piece suit, though not all are shown on the catwalk. Gucci's embroidered denim jeans may make headlines, but there will always be a dozen black, three-button suits in stores worldwide. Now that suit jacket is reworked. It's a hybrid of a jacket and a more casually cut coat.

Designers are not trying to spin-doctor menswear away from the traditional. They just seem to agree that men

through collections by Ferré, Lanvin and Kenzo as well. Granted, this is an Italian approach to colour. But gone are the days when we dress for seasons and climates.

Ironically, we seem to have forgotten that one of the original catalysts for imaginative menswear was British. In the 19th century, the Regency dandy was the prism through which the world of men's fashion was seen. Since then history has much maligned the dandy. We may suspect that, were George "Beat" Brummel alive today, he'd be a likely candidate for that van Bieren donck bodystocking.

But in fact the dandy was the original minimalist. His creed was restraint, immaculate cut and high quality cloth, his palette no more extravagant than navy blue, black and white.

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FOOD AND DRINK

COOKERY

Mellow yellow meals

Philippa Davenport prefers her smoked haddock with colour

Yellow brings a Midas touch to mealtimes. Cloud-soft mounds of butter and cheese-enriched polenta have taken over from mashed potato as the number one comfort food among young and trendy vegetarians, while corn-on-the-cob has become a highly fancied anytime snack, painted with melted butter, dusted with chilli powder and rolled in chopped green coriander.

Golden oldies are coming back into fashion, too. Who can resist the buttercup richness of well-salted Welsh farm butter made from the milk of Guernsey or Jersey cows, dripping from crumpets and toast on a cold winter afternoon? Proper old-fashioned pouring custard (crème anglaise, not crème fraîche) is first choice to accompany crumbles, pies and sponge puddings.

And smoked haddock is prized above all other fish by loyal Scots, the fish for sustaining breakfast, lunch and supper dishes, and capable of dressing up if so required.

Until about 15 years ago, smoked haddock was nearly always bright yellow – the result of azo dyes used during the curing process. Now their use is being phased out in favour of natural colourants, and a growing number of fish-smokers employ no colourants at all.

I have to confess, though, that I relished the contrast of vivid yellow flakes of fish and white grains of rice in such dishes as kedgeree. But a little lateral thinking has suggested a happy solution. In the recipe given below, pale fish is folied by yellow rice, guided by the natural pigment of turmeric.

Turmeric has long been

available to British cooks but its use has been largely restricted to concocting the curious cauliflower pickle known as piccabili.

Turmeric has frequently been mentioned in recipe books down the years as an alternative to saffron. This strikes me as unfair to both spices, for the aroma and taste of the two are very different. The only characteristic they share is a dramatic staining power.

I think it was Elizabeth David who described saffron as giving dishes a Mediterranean

Strong, sweet, musky and sophisticated, saffron seems to possess a faint whiff of burning tyres

near accent, and turmeric an oriental slant. Saffron is certainly well known and loved all along the northern (ie European) coast of the Mediterranean, and turmeric is barely known there. Turmeric, however, is not only beloved of Indian cooks but it has long held sway, too, in the cuisines of countries fringing the southern and eastern (North African and Arabian) shores of the Mediterranean sea.

And the recent growing consideration of turmeric as a valuable spice in its own right undoubtedly stems from a new British interest in dishes from North African kitchens, notably Morocco and Tunisia.

Saffron and turmeric could hardly look more different.

Saffron is the dried stigma of an autumn flowering crocus, *Crocus sativus* Linnaeus. Hauntingly aromatic, strong, sweet, musky, toasty and sophisticated at its best, it seems also to possess a faint whiff of burning tyres if you breathe its scent too deeply, and there is a disagreeable bitter medicinal edge to its taste if used too generously.

Turmeric, on the other hand, is the rhizome of a plant closely related to ginger, with lily-like leaves and tall, pale spikes of flowers. Its taste and aroma are pungent yet mild, warm, dense and somehow very earthy – just as beetroot is earthy.

Another marked difference between the two spices is that while saffron is best pounded and added to dishes towards the end of cooking, turmeric does not spoil with hours in the pot.

Because of the temptation for middlemen to adulterate an ingredient that retails for nearly £100 an ounce, saffron is always best bought whole (not powdered in sachets) to ensure it is the real thing.

It makes good sense, on the other hand, to buy turmeric ready ground, and this is how nearly all supplies are sold because the dried rhizome is so hard and exceedingly messy to grind down at home. Once tried, never again. But freshness is important. Just as coffee and Parmigiano cheese lose much of their delicious aromatic qualities very quickly after grinding or grating, so it is with spices.

Faded turmeric is an uninteresting shadow of fresh. So buy in very small quantities, label with the date of purchase, and throw out any remnants six months later.

TURMERIC KEDGEREE

(serves 3-4)
Equally welcome for breakfast, lunch or supper.
350g undyed smoked haddock fillet (preferably thick end for larger flakes); 225g basmati rice; 1 bulb Florentine fennel; (half) teaspoon fennel seeds; generous (half) teaspoon turmeric; 2 bay leaves; 50g butter (plus extra at the end, to taste); 50g sultanas; 1 punnet rapeseed oil; a small bunch each of parsley and chives; 1 lemon; 2 hard-boiled eggs.

Wash and soak the rice in cold water. Lay the fish in a shallow pan, cutting it in half to fit snugly. Pour on 750ml or so cold water just to cover the haddock, three-quarters cover the pan and bring to the boil.

Remove from the heat, cover fully with the lid and leave for 7 minutes. Meanwhile measure out the other ingredients, trim and dice the fennel bulb, chop the herbs and crush the fennel seeds, reserving each ingredient separately.

When the haddock is cooked, remove it with a fish slice to a plate. Skin and flake it as soon as cool enough to handle, cover with an upturned soup plate and keep warm. Bring the fishy liquor back to boiling point and season it lightly with salt, the turmeric powder and bay leaves. Add the soaked and drained rice and cook until done, adding the sultanas for the last few minutes to plump them up. While the rice cooks, sauté the diced fennel in

25g butter in a flameproof casserole until beginning to fizzle on all sides, about 5 minutes. Reduce the heat. Sprinkle on the fennel seed and plenty of black pepper, then the flaked haddock (and any juices that have collected on the plate) and 25g butter, cut into dice. Do not stir. Cover tightly and leave over a gentle flame for 3-4 minutes more to complete cooking the fennel and ensure the fish is hot.

Drain the rice when it is done. Fluff it with a fork, add the parsley, chives, rapeseed oil and a dash of lemon juice. Fold it into the buttery fish and fennel. Check seasoning and stir in more diced butter to taste. Garnish with quartered lemon and hard-boiled eggs, and offer a bowl of mango chutney on the side.

HADDOCK & MUSSEL CHOWDER

(serves four as a main dish)
No vivid yellow in this dish, just the pale buff of undyed smoked haddock and the creamier buff of fennel mussels, flecked with green herbs and tender leek tops.
350g-400g undyed smoked haddock fillet (thick end for preference); 1kg mussels; 350g-400g leeks (trimmed weight); 350g-400g floury potatoes; 2 garlic cloves, finely chopped; 2 bay leaves; a bunch of parsley; several sprigs of lemon thyme; 1 tablespoon lemon juice; 600ml whole milk; unsalted butter.

Scrub the mussels.

Discard any that are damaged or do not close when tapped. Put them into a pan with 200ml boiling water and the lemon juice. Cover tightly and cook for a few minutes, shaking the pan occasionally, until the mussels have opened. Strain, reserving liquor and mussels separately.

Peel and grate a little potato (so it will dissolve in cooking and thicken the soup); dice the rest. Slice the leeks obliquely into bite-sized pieces. Turn both vegetables for a minute or so in melted butter in a heavy-based saucepan or flameproof casserole.

Stir in a good grinding of black pepper, the bay leaves, garlic and leeks stripped from the thyme. Pour on the strained mussel liquor (there should be 350ml; top it up with water or fish stock if there is less). Add the milk. Bring slowly to simmering point, half-cover and cook at a bare simmer for 12-15 minutes or until the vegetables are done to your liking. Meanwhile skin the haddock and cut the flesh into chunks; shell the cooked mussels, discarding any that failed to open wide in cooking; chop plenty of parsley.

Add the haddock and parsley to the casserole. Bring back to simmering point and cook, uncovered, for 2 minutes with barely a bubble on the surface. Turn off the heat. Stir in the mussels, cover tightly and leave to stand for 2-3 minutes more to reheat the mussels without toughening them. Check seasoning before serving.

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Harvest home: Darina Allen and her dog Poppy among the squashes and pumpkins grown in the gardens of Ballymaloe Cookery School

Irish country house cooking

Sue Style finds out why Ballymaloe in County Cork attracts wannabe cooks from all over the world

Chickens scatter in disarray as you approach the muddy, somewhat bumpy drive to Ballymaloe. Saddleback pigs roil about and Kerry cows graze peacefully in the field in front of the house. Ducks and geese squabble by the pond. But this bucolic appearance belies the solid professionalism behind Darina Allen's celebrated cookery school in County Cork, Ireland, which attracts students from all over the world.

When Darina married Tim Allen in 1970, they found themselves in a vast, crumbling property with about 100 acres of farmland. It was clear that their early ventures in horticulture were never going to generate enough income to enable them to stay on in the property, far less to develop and invest in it.

The situation, close to Tim's mother's hotel Ballymaloe House, a few miles from Ballycotton harbour in the heart of rich arable country, not far from Cork, was superb. They had to think of something that would enable them to remain in this wonderful place.

The cookery classes began when mother-in-law Myrtle, herself a cook of considerable reputation, began referring hotel guests down the road to Darina for instruction. Demonstrations in the early days were held in a converted stable building on Saturday mornings.

A self-taught cook, Darina continued her culinary edu-

cation by attending one of celebrity cook Marcella Hazan's courses in Bologna. At the end of a week's course, there was, she says, a "blinding flash" as she realised that back home she was blessed with all the necessary ingredients for a successful cookery school and food business: a series of buildings lying idle, first-class raw materials close at hand (shellfish from Ballycotton harbour, Irish beef from local farmers, free-range poultry and eggs) and – probably most important – boundless enthusiasm.

The formal kitchen and herb gardens, inspired by visits to Villandry in France, are open to the public

Ballymaloe Cookery School was set up in 1983, and since then interest in the school has grown and the programme has been extended to include two residential courses a year, and diverse classes and demonstrations of varying duration.

A breakthrough came in 1989 when Darina landed a contract for a television series with RTE in Dublin entitled *Simply Delicious*. Overnight she became a household name and face – a mixed blessing, she says. The school has never looked

back. In addition, the superb formal kitchen and herb gardens, inspired by the Allens' visits to Villandry, in the Loire Valley in France, are open to the public.

Of the 100 acres of land, about 10 are taken up with the garden, run by Darina's sister, Elizabeth. The farm is being converted to organic methods. Darina hopes to raise her own pork, Kerry beef (Ireland's oldest breed, both endangered and indigenous), chickens and eggs for the school, as well as for sale outside. There is a further acre of greenhouses where exotic produce such as okra, aubergines, lemon grass, chilies and tomatoes are grown.

The two 12-week courses in the year (January to April and September to December) are designed for aspiring professionals. The foundation is Irish country house cooking, based on the best local produce, much of it organically grown. To this are added strong French and Italian influences and occasional Indian, Thai and Mexican accents.

Graduates have little trouble finding attractive employment afterwards. One I spoke to over lunch (prepared by the students) was off to Barbados for the winter season to work as chef in an English household.

Another student (an erstwhile merchant banker-turned-headhunter from Singapore, who had earmarked some of his earnings to finance the course) was going on to work in a two-

star Michelin restaurant in England's West Country. "The pay's awful," he grumbled, "but it'll certainly beat banking as a career, and it'll look good on my CV for the next move."

The various demonstrations and practical classes held at intervals throughout the year are aimed at those wishing to brush up their cooking skills in specific areas – pasta, bread, sea-

food, vegetarian food or wild mushrooms, for example. There are also guest appearances by local chefs and celebrities from farther afield.

Ballymaloe Cookery School, Shanagarry, Co Cork, Ireland: tel +353 21 646 785, fax +353 31 646 909, e-mail: enquiries@ballymaloe-cookery-school.ie. Website: http://www.ballymaloe-cookery-school.ie

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	L'Angelus	695	
	Calon Segur	385	
	Chateau Mouton	305	
1990	Mouton Rothschild	1095	
	La Mission Haut Brion	1050	
	Cinnet	980	
	Pichon Baron	950	
	Pichon Lalande	640	
1989	Lafite	1120	
	Laurel	1095	
	Mouton Rothschild	1080	
	Palmer	720	
1985	Haut Brion	950	
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	Ducru Beaucaillon	800	
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1990	Ch de Beaucastel	490	
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EDUCATION

Charitable ties with a fund of history

Both state and private schools can benefit from their links with City cash and wisdom. Simon Targett reports on connections that extend back centuries

A company giving beer money to school kids. It is the sort of action which may alarm parents in this era of alcopops and underage drinking.

Yet the generosity of the Worshipful Company of Brewers, one of London's livery companies, is not all it seems: new pupils at Aldenham, a boarding school at Ekeston in Hertfordshire, get only a ceremonial crown.

The coin is a useful historic lesson: a reminder that, as Charles Dailmeyer, the company's clerk, explains, in a bygone era, "boys drank beer because the water was so foul".

It is also a reminder of the historic link between the company and the school, which was founded in 1597 by a London brewer. Across Britain, there is a host of schools with strong ties to City livery companies.

There may be a trend for private companies to take over the management of schools in the state sector, but in fact business leaders have long been involved in the running of some of Britain's top private schools.

Not all the ties are ancient. Sevenoaks, a boarding school in Kent, is one of the oldest lay foundations in England, having been established by a wealthy merchant in 1432. But its bond with the Worshipful Company of Tobacco Pipe Makers and Tobacco Blenders, a livery company re-established in the mid-

1950s, is relatively modern. Most livery company links are age-old, however, and stem from the fact that a rich City businessman, anxious to book his slot in Heaven, was ready to make a charitable bequest to establish a school for the next generation.

Gresham's School at Holt in Norfolk was founded by a City bigwig who left some land for a school in his birthplace, to be administered by the Worshipful Company of Fishmongers.

The company, far from the world of the local chippie, is ranked fourth in the livery company hierarchy - out of more than 100.

It still owns the school, appoints the governing body, and funds scholarships, travel grants for trips to South America, and capital projects: a new theatre, named after poet and old boy W.H. Auden, was funded to the tune of £200,000.

John Arkell, the headmaster, says the link with the fishmongers' company "adds a certain caché to the school". For a small establishment - just over 500 pupils - it has a long list of famous alumni, including Benjamin Britten; James Dyson, the inventor of the bagless vacuum cleaner; and Christopher Cockerell, the designer of the hovercraft.

Arkell suggests the link "makes us more of a national school rather than just a Norfolk

school", explaining the connection means more pupils come from London than would be normal for a provincial school.

Another advantage is that, as headmaster, he can turn to leading figures within the City for advice. "There is a certain wisdom that comes from a group of people who live and work around the City of London," he says.

This is a view supported by David McMurray, headmaster of Oundle School in Peterborough. His school is tied to the Worshipful Company of Grocers which, like the fishmongers' company, is a long way from a purveyor of fruit and vegetables.

The grocers, who form the governing body, provide "an enormous well of expertise", and they also pay for scholarships and capital projects, last year contributing more than £100,000.

The link - which dates back to 1556, when Sir William Laxton, master of the grocers' company, left money to set up a school within a pony ride's distance of his birthplace - has a further practical benefit. "It gives parents a great deal of confidence to know that a company like the grocers stands behind the school," says McMurray.

When parents are preparing to send their children away for weeks on end and stump up about £14,000 in fees, that can be important.

Another school proud of its liv-



Stewart Roberts: Dauntsey's school appreciates its membership of the Mercers' Company 'cluster'

ery company links is Dauntsey's, near Devizes in Wiltshire. The small school, situated not far from Stonehenge, is tied to the Worshipful Company of Mercers, the grandest livery company.

It was founded by William Dauntsey, a local boy made good who, the century after Dick Whittington, another Mercer, had also made his way to London in the hope of finding fame and fortune.

He found fortune, if not fame, and set up a school in 1542, leaving his land and tenements in London to pay for a school house

and a schoolmaster on a yearly stipend of £10.

Stewart Roberts, the headmaster, jestingly suggests his salary has not, perhaps, kept up with inflation, but the connection with the mercers' company, which helps administer the school, has profited generations of Dauntseians.

Like other schools, Dauntsey's has governors from, or appointed by, the livery company. It gives the head, teachers and pupils access to people beyond their normal orbit.

ests, and controls large endowments from past members.

One is John Colet, a dean of St Paul's Cathedral, who left lands in Stepney, east London, and Buckinghamshire for the foundation of St Paul's School in 1509. Another is John Roysse, whose endowment was used to re-establish a school at Abington in 1563, after the dissolution of the local abbey ended a school which had stood since 1256.

These two, together with Dauntsey's and nine others, including several state schools, form the mercers' company's cluster of academies.

"It's a bit like a commonwealth," says Howard Truelove, of the mercers. "The heads meet, as do the heads of the IT departments, and we provide tickets so that pupils can go to concerts and art galleries."

Roberts says Dauntsey's has benefited from links with Thomas Telford, a city technology college in Shropshire and one of the country's top comprehensives, which is sponsored by the mercers.

The state-funded school, which also gets backing from big companies such as Tarmac, the construction group, has pioneered the use of information technology in the classroom.

"It has been good to pick their brains," says Roberts, who is developing a computer-based learning centre to take Dauntsey's into the new millennium.

At a time when Tony Blair, the prime minister, and the government are encouraging private and state schools "to build bridges", Dauntsey's and Thomas Telford are already doing so, under the auspices of a City livery company which started out as a medieval guild of traders.

And, unusually, it is not just a one-way relationship, with the private school giving everything and getting nothing much in return except several brownie points in the government's good books.

EDUCATION

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MOTORING / PROPERTY

Michael Harvey
goes to the roots
of what we look for
in a new car, and
queries the value
of the road test

If you are reading this column looking for a definitive verdict about the virtues and vices of the alluring saloon shown on the right, look elsewhere. What follows is not a road test. As I see it, the written road test, if not dead, is critically ill with a life-threatening dose of irrelevancy.

Take the new Rover 75. It's handsome like a well-proportioned tallboy is handsome. On paper it is good value too, assuming Rover can have it in showrooms before it needs to replace the 75 in euros (starting price for the basic version will be £18,275). And it comes with quality underwritten by BMW.

In road test terms, however, you may not be convinced. That assumes you need to know the minutiae of what it's like to drive. So you turn to a newspaper or the car magazines.

You might care to take the word of my predecessor, Stuart Marshall: "For me, cars in this size and price class simply do not come more tranquil." Maybe you like the foreman of your juries more funky. "Compared to an Audi A4," wrote Car Magazine, "the Rover has more soul than Otis Reading. [The 75] is a serious result for Rover."

Astonishingly, What Car? reckons the 75, a car unimproved over any distance, is the best new car available in Britain. Period. A royal-blue Rover, you would be forgiven for thinking with some irony, is about to become an emblem of success as essential as a graphite-grey BMW. Imagine it: the Germans hoist by their own petard.

Well, not quite. Read between the lines of Auto-car's characteristically exhaustive road test and you get the sense that the 75 manages at best a score draw. Pick up Top Gear, the UK's largest circulation motoring magazine, and that serious result looks



Gleam machine: Rover's new 75 puts its best face forward at the Geneva International Motor Show this week

Paul Huxley/Reuters

MOTORING

Secrets of wheel appeal

more like a thrashing. "The 75 comes last... Sorry Rover, your new 75 isn't up to scratch," Jeremy Clarkson, who else, delivers the coup de grace. "If I were in the market for a car of this type, I'd rather have something else. Anything else."

So who do you believe? A Ferrari-driving television presenter living in the Cotswolds, or a junior road tester who counts himself lucky to borrow a Fiat and squats in Clapham? Do you take the word of an extraordinary driver (as many magazine road testers are) or the word of an ordinary parent (still a rarity among testers)? Who speaks your language more clearly?

It doesn't really matter. You have probably already decided whether the Rover is for you. And most likely you did so the first time you saw it. Even the most sceptical in the industry acknowledge that the way a car looks makes up at least 60 per cent of the buying decision.

How it drives doesn't make it into the top five.

Affordability, interior features and dealer performance are all more important. Even brand values outperform performance.

How do you road test these?

It is a dilemma that is only going to get worse for road testers as manufacturers exploit further and further the economies of scale offered by platform-sharing technology.

There is a broad misunderstanding about platforms (the modern equivalent of a chassis). It is not a big piece of pressed steel that dictates a car's size and shape. It is a collection of invisible components designed to be compatible with many cars, but only one set of production tools. It is the reason you can build VW Golfs and Beetles on the same line. Or Audi A8s and Audi TTs. Or Seats. Or Skodas.

VW wants to build all its cars around just three of these platform groups, and catching sight of VW's inexorable rise in share and profit, the rest of the industry is following suit. Given

the scenario accepted by a number of analysts that, within 10 years, there will be just six global mega-groups (two each in the US, Europe and Japan), it is not unreasonable to suggest there will be just 16 basic cars in the world before too long.

What will then define a car's appeal is not how it goes and stops, steers and rides but who makes it, and what it looks and feels like outside and in to the individual, the very factors a road test can never evaluate.

Sure, there's a big difference between how an Audi TT and a Golf drive. But environmental pressures and the amount that electronics can tailor a car to its driver's preferences will in future limit that difference.

So where do the road testers go from here? A government-sponsored programme hosted by Nissan and Cranfield Technology School, with the excruciating acronym of Pluto, is attempting to provide a framework for quantifying "attractiveness". "Appeal" would be a better word since Pluto is attempt-

ing to sniff out how we react to specific interior features and not exterior appearance. Road testers are a keen bunch and they will fight back, pushing cars to ever more ludicrous speeds in search of that defining handling flaw, but the writing is on the wall.

If they cannot agree about the Rover, a unique vehicle in almost every way, how will they cope when VW and the others finally reach their goal of three basic recipes served up with an endless variety of sauces?

The answer, as this column will attempt to prove, is to concentrate less on driving, more on cars. As the invisible bits of a vehicle become more mundane, the bits you do see and feel, and the reason they are there, become ever more complex.

They need illuminating, and explaining. It is more important to know whether you will like a car than whether it will outperform your neighbours.

After all, there's a good chance it is exactly the same vehicle under the skin.

Bicycle benefits can help keep the burglars at bay

Michael J. Woods looks at the effect of cycle paths on house prices

To discover whether a cycle path pushes up or drags down neighbouring property values, Sustrans, an engineering charity, commissioned a survey into their effects.

Sustrans is co-ordinating the implementation of an 8,000-mile national cycle network in the UK by 2050. The routes chosen for it run through as many towns and cities as possible and within five miles of at least 20m people.

About half of the national cycle network routes are on traffic-calmed roads while the remainder use a raft of different tracks and trails, including forest roads, canal towpaths and converted disused railway lines.

Sustrans employed an independent surveyor to take four case studies, all disused railways - the Bristol-Bath path, the York-Selby path, the Cuckoo Trail from Heathfield to Polegate in East Sussex, and the Barnstaple to Petrockstowe section of the Tarka Trail in Devon - and, through a questionnaire survey and interviews, to look at the effects on residential and agricultural properties.

The findings indicated that the more expensive the property in urban areas, the more likely it was that the cycle path would bring to the rear of a property, however, clearly raised the question of security and the possibility that the National Cycle Network might compromise the security of some properties.

Lower down the value scale, the presence of a cycle path tended to increase the saleability of houses and was almost always noted in estate agents' particulars. Estate agents in all four study areas used the path as a selling point.

A hundred residential owners were surveyed, of whom 66 lived immediately adjacent to a path. For those living next to a railway line after it became redundant but before it was converted, the positive use as a cycle

path was almost universally welcomed. Unless taken over rapidly by nature, the dereliction of a disused railway attracts a range of unwanted uses, the worst often being motorcycle scrambling and car breaking.

Many do become informal routes, especially for dog walkers, and play areas for children. Conversion is generally welcomed because of the order it brings and most neighbours felt that cycle paths were attractive and had a positive impact on an area.

The elderly, in particular, were often pleased to live near a path because of the interest and activity it brought. Their enjoyment of the constant passage of walkers and cyclists offset any noise problems.

In fact, fewer than a fifth of the respondents overall were upset by noise and when it came to privacy,

even a suggestion that the provision of a cycle path reduced crime. Examples included quiet closes deserted by commuters during the day. Here the activity from the path was felt to act as a deterrent to would-be burglars.

Farmers and landowners were also asked for their views on how a cycle path might affect their land and its value. Most interviewees complained that the national cycle network would attract more people into the countryside and this was seen as likely to cause trespass.

When pressed, however, they conceded that they had not seen a dramatic increase in trespass, while some saw a new, clearly indicated route, on which it was impossible to get lost, as a way of reducing trespass. Dry, level, smooth and easy-to-walk paths took pressure off more sensitive areas.

Most interviewees complained that the national cycle network would attract more people into the countryside

almost three-quarters said that a path had little or no effect.

The ready access that a cycle path would bring to the rear of a property, however, clearly raised the question of security and the possibility that the National Cycle Network might compromise the security of some properties.

Trespass, it was found, was almost never a problem but burglaries and vandalism were thought to be a different matter. Some of those surveyed thought that a path had brought an increase in crime but generally they lived in areas where the crime rate was high and a direct correlation difficult to substantiate.

Those living in more remote rural areas generally did not associate a cycle path with crime. There was

Some farmers thought that the thickness of hedgerows and the apparently unkempt look of some of the cycle paths was a problem. Some paths can also be used by horses and, in these instances, farmers saw it as a distinct advantage to live adjacent or close to the network.

There were insufficient land transactions during the survey period to form a view of the effect of the national cycle network on rural land prices. But the feedback from those who had lived close to one of the four trails for some time was that it was not as deleterious as they had feared and that the benefits outweighed the problems.

■ A Sustrans' report Cycle Routes and their Neighbours will be available from April; call 0117-929 0888.

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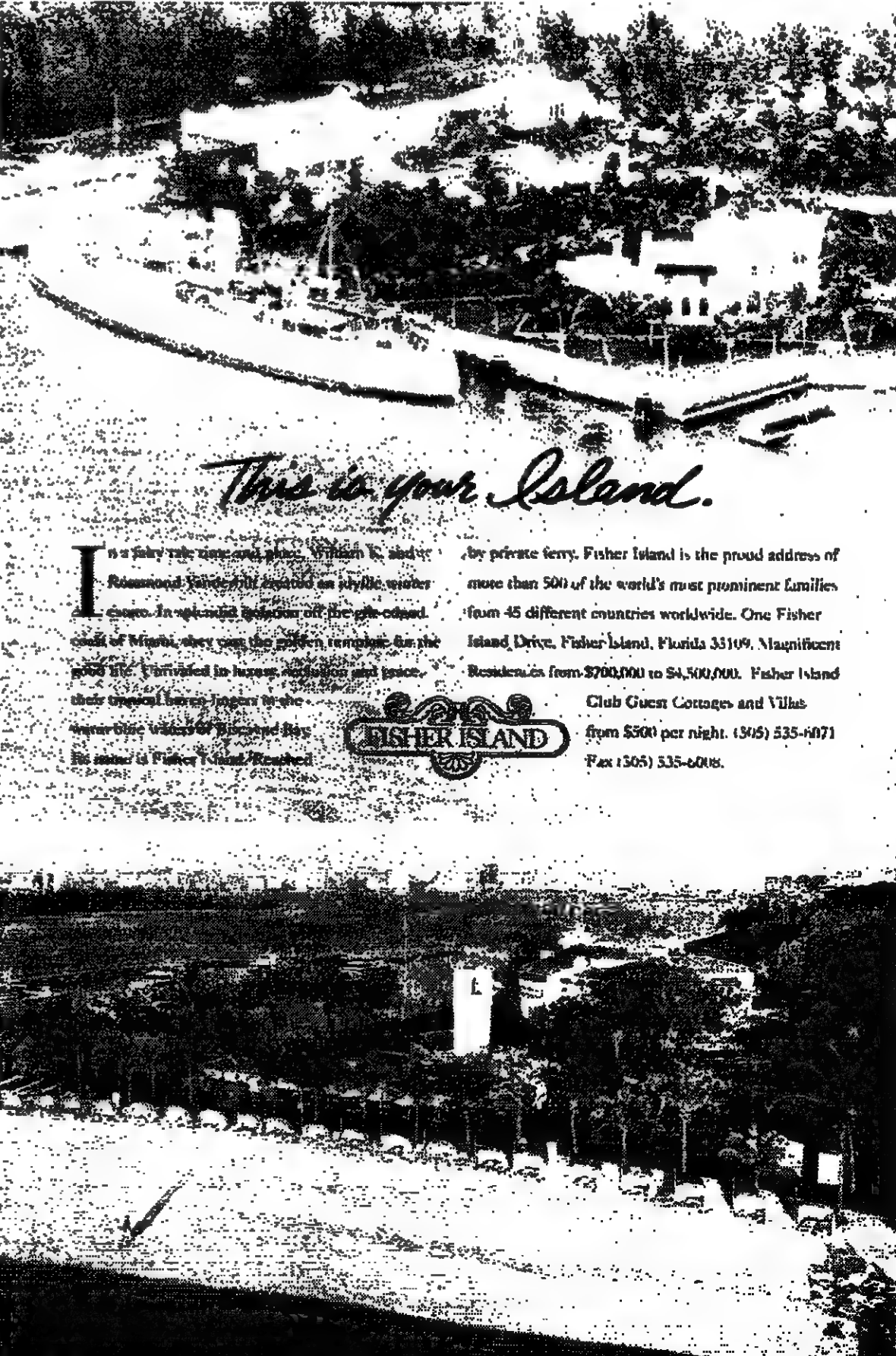
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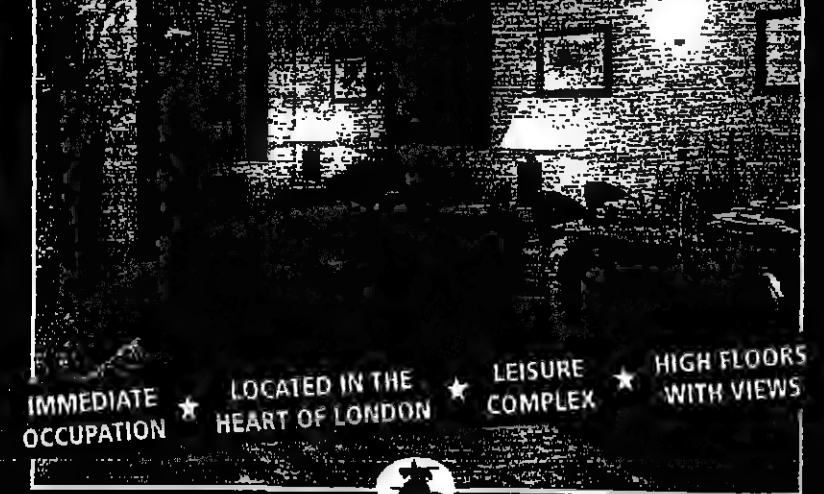
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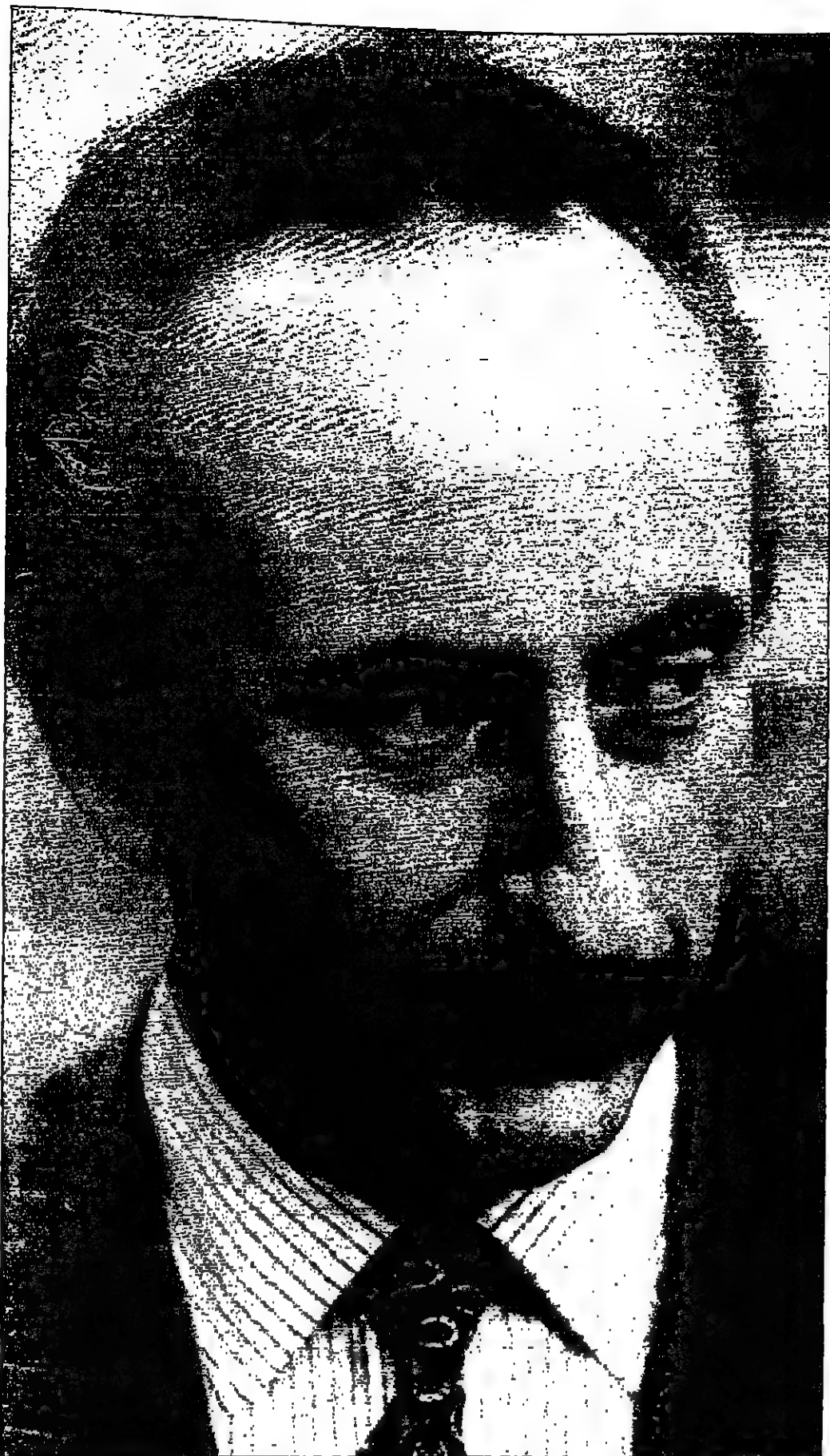
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PROPERTY

New quids on the block

Anne Spackman finds some smart flat-owners are demanding better service from their landlords



New lease of life: Sir Ralph Halpern says the law is stacked in favour of the landlord

A new breed of flat-owner is moving into the many smart new developments which have recently been completed in London.

These are people who are not used to accepting poor service and they are starting to make their voices heard.

Sir Ralph Halpern, former chairman of the Burton Group and chairman of the residents' association at Chelsea Harbour, where he owns a flat, is at the forefront of this trend. He has been involved in three recent cases in which he and fellow residents have drastically reduced their service charges.

In one instance the block's annual insurance premium of £40,000 a year was halved after residents were allowed to obtain their own quotes.

In the second, resident involvement reduced the cost of a major construction contract by £250,000. In the third case a proposed increase of more than 25 per cent in the annual service charge was reduced to single figures after the residents intervened.

"The law is stacked in favour of the landlord," says Sir Ralph. "If leaseholders are to improve things, they have to get involved."

Typical of the treatment meted out to large numbers of flat-owners today is the experience of one woman who has just sold her one-bedroom flat in a converted period property in Kensington.

Her managing agents were so slow to put in an insurance claim for a leak in the roof - which, itself, had only just been replaced - that the insurers refused to pay out. The leak caused dry rot and the bill for repairing both was a cool £800 for each of the eight flats.

Like hundreds of flat-owners she ended up paying the bill because she did not have time for a legal wrangle. With a buyer in the wings, she could not afford to jeopardise her sale with a dispute over service charges.

Such practices may become less commonplace, however, not only because of changes in the nature of flat ownership, but also because the government is preparing to act.

It says in its recent consultation paper on leasehold reform that it wishes to give flat-owners the right to manage their own

blocks. In addition it proposes tighter controls over the activities of managing agents.

One of the responses the government will have received to its consultation paper by yesterday's deadline comes from Sir Ralph, who is also chairman of the resident management company at Kensington Green, where he has a property interest. (Such a company has the power to appoint and control its own managing agents, whereas a residents' association is a representative body.)

He has sent the government two responses, because - like many others - he feels it should deal separately with the issues of property management, which can

tors and have their choice upheld where appropriate. "He who pays the piper should call the tune," he points out.

His experience is echoed in other blocks where the residents have organised an effective committee and elected an active chairman. David Harris, chairman of the management company at Hornion Court in Kensington, has also halved his block's insurance premium and improved the cover.

When his block was due for internal redecoration the flat-owners decided their own budget and put the contract out to tender. "If you have a major investment in your property and it is your home you care very much

"You need them to be involved in order that good decisions are made. There are not many resident management companies with former captains of industry as their chairmen."

■ Do not appoint the cheapest agent.

Most agents charge an annual service fee to each flat plus a fee for managing specific contracts. JSSPinnacle, managing agents for Kensington Green, Chelsea Harbour and Hornion Court, charge between £200 and £600 per flat.

"Cheapest is dearest in the long run," says David Harris of Hornion Court. "We have a deliberate policy of paying a higher fee than most. It means we can get the best people and we can work them very hard."

■ Decide what level of services you want.

Owen Inskip, chief executive of JSSPinnacle, is one of the new generation of managing agents trying to offer a proactive service which focuses on residents' problems and tries to solve them.

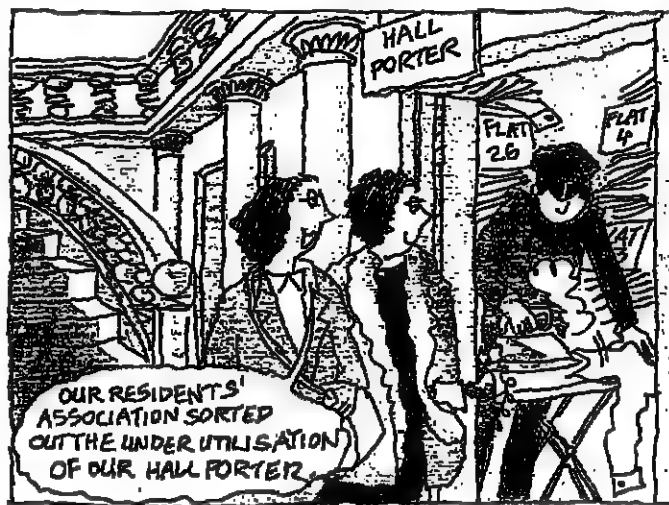
In one Bloomsbury block he has suggested changing the role of the porter, whom the residents felt was poor value for money. In another block he has suggested the huge £100,000 annual cost for minor repairs would be better spent on employing some full-time staff, who could also offer residents a handyman service.

Inskip has just taken over the managing job at Kensington Green. When he saw the first service charge accounts due to be sent out they were headed "tenant statement".

"I threw them in the bin," he said. "It's such an insult. These are people with flats worth hundreds of thousands of pounds."

He believes enlightened landlords and residents have the same aims: to see the property well run. But what of the many unenlightened still in the business?

The government recognises in its consultation paper that poor management lies behind most leaseholders' attempts to buy (entranchise) their freehold. If it hands over management control to flat-owners, not only will the problem be resolved, but the incentive for exploitative freeholders to own property will significantly diminish.



be solved swiftly, and the issue of property ownership, which is more contentious.

Sir Ralph points out the fundamental contradiction at the heart of the problem, by which a managing agent takes his orders from the landlord, but provides services to the flat-owners, who are responsible for paying the bills. Not only is there no incentive for the service to be good; with managing agents charging a fee for overseeing contracts, the more it costs, the more money they get.

He wants leaseholders to be given four legal rights: the right to manage their blocks; the right to information about what is being done with their money; the right to information on proposed future expenditure, in addition to annual accounts; and the right to influence the choice of contract

Indeed about the colour of the wallpaper in the common parts - and we chose ours," he says.

Both men suggest key tactics which residents can adopt in order to gain control over their own buildings:

■ Get organised.

Flat-owners can only mount campaigns to change their agents or their services if they speak with one voice.

Amos Barber, head of Hampton's residential estate management department, says it is particularly difficult to recruit representatives in new blocks of flats because leaseholders feel maintenance and service issues are all in the future.

"From day one they need to set up a reserve fund and a planned maintenance programme," he says.

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My arboreal trinity gets us out of a hole

A dead sycamore offered an opportunity, and Robin Lane Fox was quick to grasp it

When a man gets old, said Dr Johnson, he starts planting trees. For many years, a particularly large and unwanted sycamore stood in what became the main parking area of my Oxford college. Last summer, it turned out to be rotten from the middle of the trunk upwards and after one day with the chainsaw, we were rid of it.

The death of a sycamore is not, in my view, an event to lament, although a few laments were heard from other members of the college, several of whom, in their academic wisdom, had clearly believed it to be an oak. Replanting always creates problems: so many arguments seem to be raised against placing a tree in the position where another had previously stood.

In a conservation area, trees are everybody's business and no sooner had the sycamore gone to the bonfire than the city council proposed alternatives: semi-mature trees at prices about £350. The trouble with the suggestions was that we have a fine Davidia already and I doubt if it would like to be moved at the height it has reached. An Indian Chestnut would be far too big; and a Catalpa is much too late to come into leaf and is anyway well represented in Oxford, one of the best having dignified the front quadrangle of Trinity College and flowered regularly in the recent hot summers.

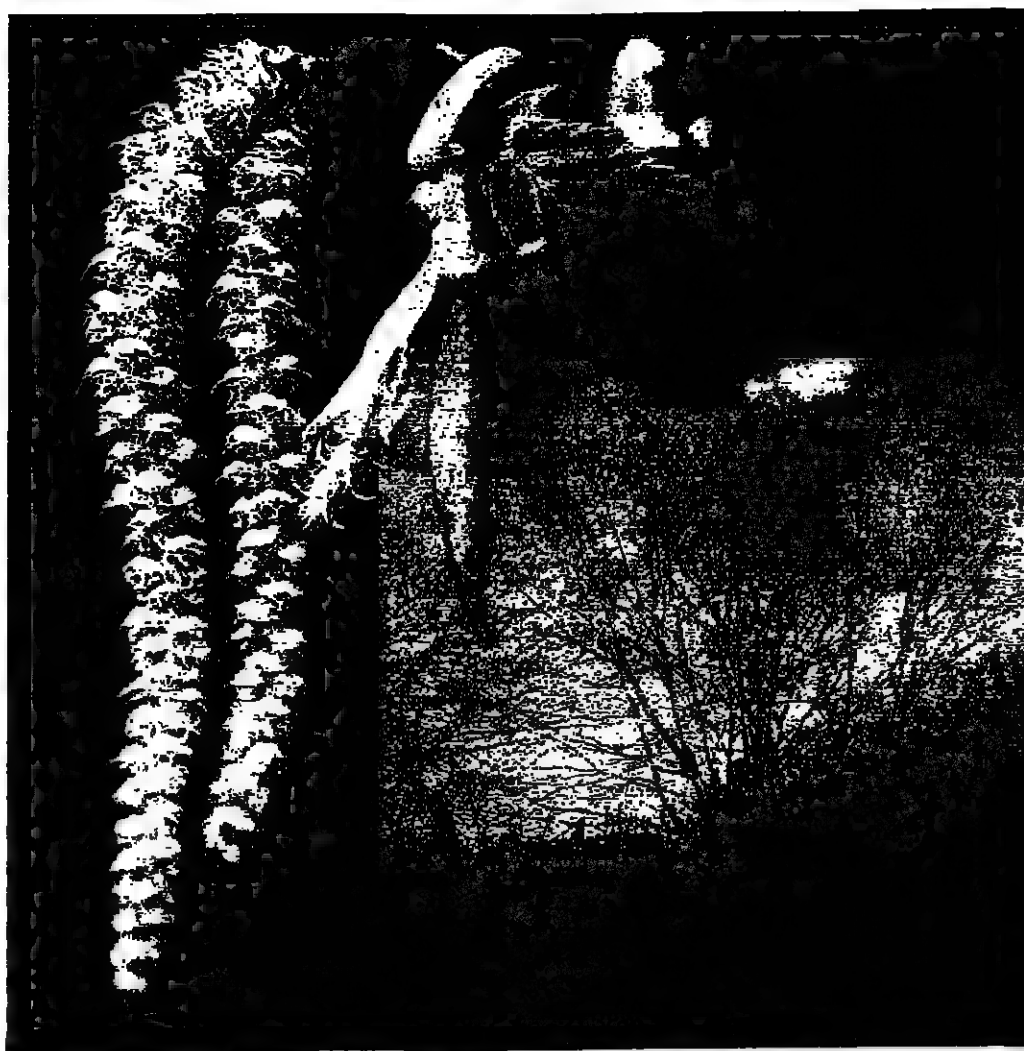
It seemed better to take guidance from what we have already and work out a scheme from local detail. The great 18th century landscapers used to call it "consulting the genius of the place".

One of the college geniuses in this particular area is undoubtedly a well-developed Ginkgo. Ginkgos grow vertically into the most convenient shape and are widely used outside Britain as

street trees which can cope with quite exceptional pollution. Trees which can flourish in Manhattan or central Seoul can surely cope with the yearly invasion of parents in estate cars, dropping off the new batch of hopeful undergraduates with their stereo sets and clothes stuffed in black bin liners. I have decided to match the existing Ginkgo with a second specimen at the opposite corner of the lawn in question.

Placed between the Ginkgos, which tree could cope with the college croquet and the nearby bicycle racks? My own preference had been for an oak and careful discussions with a great oak expert, James Harris of Mallet Court Nursery, Curry Mallet, Taunton, persuaded me to opt for the chestnut-leaved Quercus castaneifolia. This seldom-planted relation of the tough Turkey oak was introduced from the Caucasus in 1846, but its shiny dark green leaves are not often seen in English gardens. Harris recommended the more upright form, Green Spire, which would be less likely to molest the bicycles and cast excessive shade in the 22nd century.

Anyone who chooses a tree for a site with buildings will know that other experts' views will need to be taken into account. Writers in several publications try to estimate the eventual root-run of mature trees, although the exercise is still guesswork because it appears to be based on specimens which have not yet matured. The most authoritative research papers rate the root-spread of an oak as second only to a poplar and in the face of such tentative expertise, oaks would not survive the apprehension of those who are entrusted with the safety of the college's underground cabling. To contrast with the two upright Ginkgos, we need some-



The round-headed *Ostrya carpinifolia* covers itself with long green-yellow catkins in spring

thing with a more rounded head in a variety which has not yet been assessed for far-reaching underground tentacles.

At this point, I thankfully remembered the hop hornbeam. This easy tree, *Ostrya carpinifolia*, is also unusual in British gardens, although it has been seen there since 1734. At maturity it reaches about 30ft high in a pleasantly rounded shape, unlike the lower-branched ordinary hornbeam. Its toothed leaves go a good yellow in autumn, and in spring it covers itself with long green-yellow catkins. There are few *Ostryas* in Oxford and so we have opted for another - a companion for the Ginkgos.

Once you have an idea which practical experts frustrate, you cannot resist applying it elsewhere. On the opposite side of my new threeseam lies a sunken lawn which has long been eyed by imaginative colleagues as the eventual site for an evergreen student maze. A student maze is like an ordi-

nary maze except that it would be reserved for those pupils who have made the worst muddle of their term's work and could then be loosed into the garden labyrinth in order to find their bewildered way to the centre and be given an appropriate punishment by one of their tutors, dressed as the Minotaur.

We are still considering the maze as a sort of academic prison, but meanwhile I have put a full-blooded *Quercus castaneifolia* to one side of the preferred site where its roots will not interfere with the cabling system for the college and render my colleagues powerless after another 30 years. We have followed the usual rules of deep preparation and have now planted the three specimens in question, bought in healthy sizes from Landford Trees, Landford Lodge, Salisbury, Wiltshire. They cost a fraction of the council's suggested price range of £100-£250.

All three trees will outlast me and possibly even this newspaper. There is an odd combination

of responsibility and recklessness when planning trees among old buildings where they will still be standing in 50 to 100 years. One half of the brain tells you that you will not live to see the results and so the possible matter of root-runs is not worth worrying about. The other side says that people will be thanking or cursing you for these choices long after anything which you write on any normal college subject will be of any practical interest.

I think that responsibility has triumphed over recklessness, although nobody knows if *Ostryas* will also unsettle the writing for the entire array of academic computers in the vicinity. We are all getting older, but if you, too, are facing the problem of tree planting, I recommend the particular trinity with which we have ended up. Whatever the result, it will have to be better than a plain old sycamore with its dreary leaves and unwelcome shower of seeds and seedlings into every surrounding bed.

ON THE MOVE GERALD CADOGAN

Big capital gains from solid Georgian homes

Buyers might look far and wide for top quality Georgian houses. London's Georgian terraces, for example, are mostly made of yellow brick or stucco, designed to hide poor construction.

The grand terrace houses in and around the New Town area of Edinburgh, however, are rightly honoured with World Heritage status and are solid dwellings built of stone. For elegant architecture allied to sophisticated town planning Edinburgh's only competitor is Bath, also a World Heritage site.

The market in Edinburgh has been fizzing for the past two years but there are still superb Georgian houses for sale at mouthwatering prices.

A strong financial sector, urban renewal in Leith, Edinburgh's port, and a growing awareness of the spectacular value of Edinburgh's houses as places to live a civilised life have all helped to power prices.

They rose by up to 30 per cent in 1998, says Mark Atkinson of solicitor Brodies: houses sold at substantial premiums (sometimes 25 per cent) to their base prices. (In Scotland, agents, and solicitors, who handle 86 per cent of turnover through the Edinburgh Solicitors Property Centre in George Street, ask for "offers over" a base figure.)

But the strongest push for higher prices comes from the impending Scottish parliament. Although the number of Members of the Scottish Parliament will be small, plenty of consultants, lobbyists, spin-doctors, mandarins and secretaries will need to buy or rent at all levels of the market. Prices that had already been rising before the Labour party's general election victory in May 1997, says Atkinson, switched into high gear after the referendum on Scottish devolution in September 1979 and have not stopped since.

Although rental yields have dropped as a result of the higher prices, he predicts a rosy future for Edinburgh. Tony Perriam of agent Rennie agrees, saying that the parliament will make Edinburgh a true capital city again.

One outstanding house new on the market is 8 Carlton Terrace, part of William Playfair's 1821 Calton Hill scheme in the West

End, with a noble view over nearby Holyrood, where the parliament will be, and Arthur's Seat. Brodies (0131-226 4111) asks for offers over £160,000. The vendor is John Macpherson who has moved to Berlin as a computer consultant in risk management. "It's a dream house and one of the nearest Georgian houses to parliament," he says.

It was built in 1829 at the end of the Georgian era, and is more spectacular than most Georgian houses in Edinburgh. The hall is unusually wide and there is a fine glass cupola above the (original) staircase and plaster cornices, marble chimneypieces and an Aga in the kitchen (bliss on winter mornings).

"Some walls are 8ft thick," Macpherson adds.

The market has been fizzing but there are still superb Georgian houses for sale at mouthwatering prices

The sloping garden has a soft cascade running its length, with a pump to take the water up again. At the back is a gate into the private 11-acre Regent Gardens, for residents' use.

The other stunning house is 6 Lynedoch Place, the home of painter Jack Vettriano, who started life as a miner, taught himself to paint and now produces pictures of sultry sensuality and glamorous femininity.

Vettriano has refurbished the house boldly, giving it strong colours but buff and beige curtains, all to contrast with the greenery outside.

Also included in the sale is the mews house, Agent Rennie (0131-220 1460) asks for offers over £440,000.

Among other good properties for sale are flats at 1 Herriot Row for offers over £235,000 through Rennie and at 30 Royal Circus for offers over £150,000 through Brodies, which expects it to sell for significantly more - and to rent. If an investor buys it, for about £15,000 a year.

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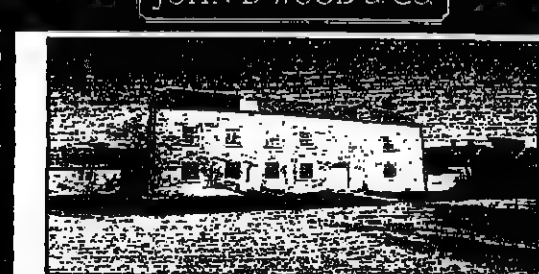
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TRAVEL

Where Big Men and boys try to catch Big Fish

Nicholas Woodworth and his family were completely hooked by Norway's Lofoten islands

On the island of Vestvågøy, about 125 miles above the Arctic Circle, we topped a rise in the road and came to a sudden, astounded halt.

"Aahh..." I said. "Ooh la la..."

Jany, my wife, said:

No words seemed adequate to describe the beauty of the scene that lay below. Like a series of Matterhorns, the jagged peaks of Norway's Lofoten archipelago rose straight up from bays of crystal-clear water and tropical-style, white-sand beaches. It was exotic. It was bizarre. It was as if the tourist boards of Switzerland and Jamaica had, in some fit of madness, decided to merge their resources.

"Well, Simon!" I said. "What do you think of that?"

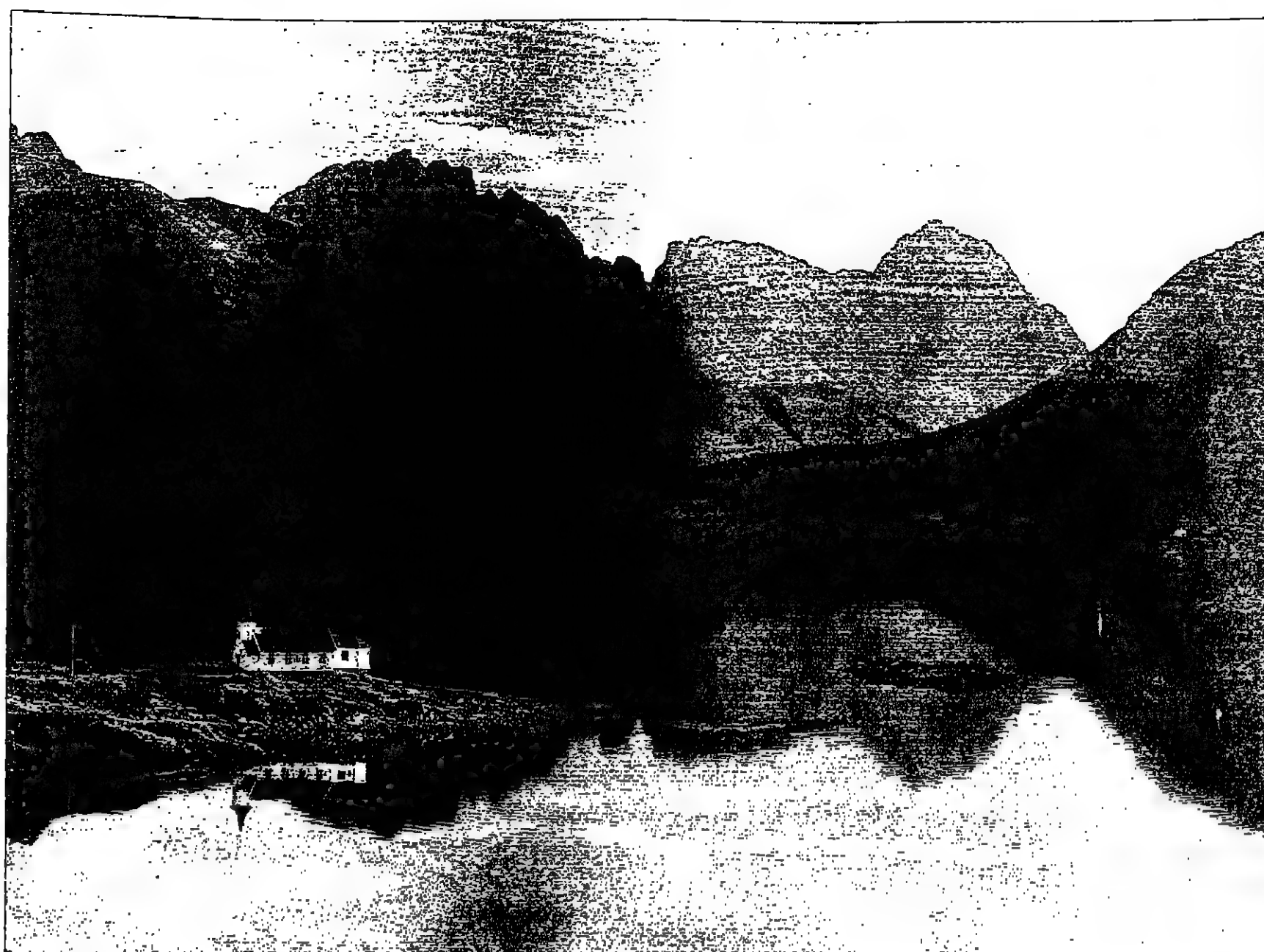
Normally, Simon is as ready with a breezy "Cool!" as any 15-year-old boy - it covers every situation from skate-boarding to MTV to occasionally mollifying one's parents.

But this time there was only silence from the back seat of the car. Then Simon, my son, lifted his absorbed gaze from the innards of a cupacious, packed-to-bursting fishing-tackle box. The impossible landscape outside his window might not have existed. "Have you seen my Mister Twisters?" he asked.

For those who, mercifully, are unfamiliar with them, a Mister Twister is a soft, slimy green silicon worm with a flat, curved tail. Tied to the end of a fishing line it is meant, I believe, to imitate a leech, and is particularly effective in catching such northern fish as pike and wall-eye. Over numerous summers, as we have fled the heat and crowds of Provence for family holidays in cool, green, northern destinations, Simon has amassed a good number of Mister Twisters. Now he seemed to have mislaid them.

No matter. He had a dozen other kinds of lures as well. Wherever he goes with us, Simon makes sure he brings along his collapsible rod and enough tackle to equip an international marlin fishing competition. He is the keenest fisherman I have ever met. If you took him to the driest corner of the Kalahari Desert he would still be thinking about fish.

Down we drove in brilliant sun through green hay-fields dotted with red wooden barns and farmhouses. Lying on the same latitude as the treeless wastes of central Greenland and northern



Like a series of alpine Matterhorns, the jagged peaks of Norway's Lofoten archipelago rose up from bays of crystal-clear water and tropical-style, white-sand beaches

Alaska, this was an astonishing and unsuspected landscape - rural, fertile, well tended and long inhabited.

Tractors mowed their way through high grass. Herds of cows and sheep grazed in tidy pastures. High-spirited colts galloped in fenced paddocks. All the way to the little fishing port of Ballstad, Jany and I were sailing and oh-la-lah-ing at the lushness of it all. It was only on arrival, though, that we realised the real lushness of the Lofotens lay not in the land, but in the surrounding sea.

Centuries before Newfoundland's Grand Banks fishery was discovered, Norwegian fishermen were coming north to the Lofoten

islands, the richest cod-fishing grounds in the world. And for that, they can thank the Gulf Stream.

It is that celebrated warm-water current which attracts vast numbers of cod from the chilly Barents Sea to the Lofoten spawning grounds each January. It is that same current which provides the islands' mild, un-Arctic-like climate and keeps them ice-free and above freezing-point even in mid-winter. And it is that current, too, which allows tourists like me to enjoy the pleasures of *rorbu* living.

So numerous were the fishermen who came north to take part in the Lofoten's warm-water winter fishing that in the 12th cen-

tury a certain far-seeing King Oystein ordered the building of the first *rorbu*, or wooden fisherman's cabin. Constructed along the rocky shoreline - many actu-

cabins have become the favourite form of lodging for visitors.

Most splendid of all about our *rorbu* in Ballstad, at least from Simon's point of view, was the

Together, hauling hand over hand, we slowly dragged up the silver jigger and three gigantic fish, one on each hook, rose reluctantly to the surface

ally sit out over the water on sleds - they proved more cosy than sleeping under fishing boats up-turned on the beach. While fishermen today are perfectly happy sleeping in boats left in the water, the right side up, their

fact that he could fish out of its windows on three of its four sides. No sooner had we dropped our bags and set the kettle on the ring for tea than he was casting and testing the merits of a treble-hooked plastic squid.

Jany and I, on the other hand, were content just to gaze. This certainly was not Provence. Along the Mediterranean coast where we live, even the idea of a quaint fishing village is laughable - quaintness has long vanished, villages have turned into crowded resorts, and even fish these days are rare. But in Ballstad, cod-liver oil remains more sought-after than sun-tan oil - tucked beneath towering peaks, its entire life revolves around its bobbing boats, busy wharfs, and the age-old hunt for fish.

All this, of course, was the very stuff of life to Simon. How better to spend one's life than fishing on a dock where the sun never sets? Two o'clock in the morning

found Simon casting a lurid pink rubber minnow into the waters of the port with considerable success. It all went well until, through the open door of a warehouse on the wharf, he discovered tens of thousands of dried codfish stacked neatly on pallets like so many cords of firewood.

Each was 3ft long or more. Suddenly, the fish Simon had so proudly been hauling in were only worthless tiddlers. His eyes glazed over and, wordless, he looked at me and pointed far out to sea. It was useless, I knew, to argue.

The next day found us boarding the *Wenche*, a sturdy charter boat, with a dozen other deep-sea aspirants. Most were parents with their children, but among them were three middle-aged German sportsmen. They looked like commandos setting out on a dangerous mission. They wore camouflage gear. They had knives and chronometers. Their rods and reels were competition-class and expensive, their faces predatory. These were Big Men out to catch Big Fish.

But in the end they caught nothing at all. While they stood in the bows fishing empty water, the youngsters in the stern, using borrowed handlines, were hauling up leviathans.

With 150ft of line out, Simon got hooked on the bottom. That, at least, was my initial surmise, so great was the weight he was pulling at. But together, hauling hand over hand, we slowly dragged up the silver jigger and the three hooks that lay on the line's end. Three gigantic codfish, one on each hook, rose reluctantly to the surface. Weighed together once on deck, they totalled more than 50lb.

The sportsmen were jealous, their hooks vacant, their lines slack.

"Well, Simon," I said once again. "What do you think of that?"

He looked around at the sunny Arctic sea and the distant peaks and the red-painted *rorbu* scattered along the shore. But most of all, eyes wide, he looked at his three fish. This time he had a ready answer.

"Cool!" he said.

Nicholas Woodworth flew to Norway with Scandinavian Airlines, tel: 0843-807 272. His trip to the Lofoten islands was organised by Scandinavian Travel Service, 2 Brylham Mews, Blythe Road, London W14 0HN, tel: 0171-559 9666.

Information on the islands may be obtained from the Norwegian Tourist Board, Charles House, 3 Lower Regent Street, London SW1Y 4LR, tel: 0171-559 6255. In the US call -212 555 9700.

SKIING ARNIE WILSON

Quebec - a snow-go-go area

Every winter skiers on both sides of the Atlantic are urged to pray for snow. The more the better - except when, in an exceptional year such as this, it may end in disaster.

There is a fine line between skiing on truly dangerous slopes and "fantastic" skiing conditions. The problem in recent weeks is that we have had both.

During the tragic events in Galtür, Austria, I was on the other side of the Atlantic, in eastern Canada, enjoying good, well-groomed snow and blue skies.

In Canada, our trouble was the bitter temperature. The Quebecers' way of coping with cold winters is to enjoy them - but we took some convincing.

A howling wind and sub-zero temperatures greeted us as, reluctantly, we left the warm cocoon of our minibus and scuttled for the front door of the Château Mont St Anne. Mont St Anne is the largest ski mountain in eastern Canada and is only 40km from Quebec City. It has an impressive night skiing facility, which we were invited to try. *Non, merci*. Recalling the words of the Québécois poet Gilles Vigneault - "my country is not a country, it is winter" - we were anxious enough about day skiing in these temperatures.

My only previous experience of skiing in Quebec had been one of the coldest weeks of my life. Even seemingly glorious sunny days can send out the wrong signals.

In January, a blue-sky day in Quebec can be brutally cold. This time I had brought extra thermal underwear, bulky heat-skiing gloves and a suede face mask - purchased during my previous visit to help me survive.

The next day did indeed dawn cold, but as the week unfolded, temperatures became distinctly kinder. I abandoned my thick underwear and my face mask stayed tucked down the front of my ski suit.

"Once you have survived January and early February," explained one Quebecer, "you are normally

This time I had brought extra thermal underwear, bulky gloves and a suede face mask - purchased last time to help me survive

through the really cold temperatures and it can be quite spring-like."

It was Scandinavians who introduced skiing to this wintry place. A plaque in the local museum relates the story thus: "His name is A. Birch. He comes from Norway. A strapping fellow, clothed in a frock-coat and a fur cap. Beneath ankle boots, his skis are 9ft long."

A single pole rests in his hand, and, on a cold February day in 1879, when he enters Québec City, sliding on his long wooden runners, he creates a sensation. He has just covered the distance

from Montreal to Quebec in 45 hours and 35 minutes. It has been a 160-mile bagatelle. So then Québécois start skiing."

With a vertical drop of more than 2,000ft, almost 60 trails, 13 lifts, skiing on both sides of the mountain, and magnificent views across the gently drifting ice-pack of the St Lawrence, Mont St Anne is one of the most significant skiing areas in eastern Canada.

Should you take a leisurely run down La Fichard, you can make a pit-stop with a difference at a slope-side *Cabine à Sucre* (Sugar Shack). For C\$1, Jean-Michel

Savard and his team will pour you some boiling maple syrup on to fresh snow where you can roll it on to a lollipop-stick for an instant treat - Taffy On Snow. You can also purchase Maple Jelly, Maple Butter, Caramel and Maple Sugar Cones.

Less than an hour upstream in Charlevoix, in a spectacular location close to the picturesque village of Petite-Rivière-Saint-François, on the banks of the St Lawrence, is the up-and-coming resort of Le Massif, with a vertical drop of 2,645ft - the biggest in the east. It also has one of the best snow records. Local legend has it that if you glimpse the Grand Pic - a woodpecker - it will snow for 24 hours. (Presumably, this does not apply during the summer months.)

Until 1992, skiers used buses to get to the mountain. Since then just three lifts have been put in, but they serve a surprisingly wide selection of terrain. There are 20 runs, some

gladed, with more planned, but the signature run is the dreaded La 42 (before they

were given names, the runs had only numbers, and here and there these remain). La 42 is a steep, non-stop mogul field that runs from top to bottom - more than 2,000 vertical feet of bumps.

Few try to ski it in one go; better to pause now and then admire the view. On La Gagnon, our guide, Maxime Soucy, whose wide, sweeping, carving turns monopolised almost the entire trail, stopped to point out the remarkable view of the northern shore of the ever-widening St Lawrence. It resembled a tropical coastline with islands of ice instead of coral.

Our final port of call was Stoneham, newly acquired by Resorts of the Canadian Rockies, the portfolio of ski areas owned by Charlie Locke, whose flagship is Lake Louise.

Only 20 minutes from Quebec City, Stoneham, with 300 acres of terrain spread across four mountains, claims to be the third largest resort in the province, and Locke has multi-million dollar expansion plans.

His first lieutenant, John Shea, says: "We're really thrilled to have acquired Stoneham. It's a really pretty spot with great potential, and we're looking forward to improving the product."

There are plans for a joint lift pass covering Mont St Anne, Le Massif, Stoneham, and a fourth resort in the Quebec City area, Le Relais.

The company is chasing the US market, particularly Boston, New York and Washington. "There are 50m people within an hour or so's flying time of Montreal," says Shea. "That's exciting."

Arnie Wilson's visit was organised by Destination Québec, Suite 154, 4th Floor, 35-37 Grosvenor Gardens House, Grosvenor Gardens, London SW1W 0BS. Tel: 0171-335 8011. E-mail: DESTQUEBEC@aol.com. He flew from London to Montreal with Air Canada: reservations 0990-247225.

"The local man danced rings round me. 'Up there for thinking' he said pointing to his head and 'Down there for dancing' he said pointing to his nimble feet."

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TRAVEL

Blow that French horn

Jill James opens two pages on France with a visit to a village that hosts top jazz stars every summer

Under modern yellow awnings trimmed with red, on a muggy, breezy evening, the sounds of traditional jazz drift across the air. The French village is bursting at the seams. Every legitimate parking place is taken. Even the presence of the *gendarmes*, out in force, does not deter French drivers from trying to leave their cars almost anywhere. They would park on top of each other if they could.

Enthusiasts from what seems like every French *département* have come with their children, dogs, bicycles, tents and caravans to spend a few days in Marciac, in armagnac-drinking Gers in south-west France, for what has become one of the main events in the jazz calendar.

Just how a small and insignificant Gascon village with a population of only 1,200 came to host one of Europe's best-regarded jazz festivals is a story in itself. It was the brainchild of Jean-Louis Guilhaumon, director of the festival and mayor of Marciac. He has also been responsible for initiating a full-time jazz programme in the local high school, of which he is headmaster.

Some years ago he was told that the village was no longer viable - in effect, that it was dying. Guilhaumon says: "There was not much in Marciac. No roads, no industry - our history was not really important. We had to do something."

That something was the jazz festival, which now attracts some of the biggest names in Europe and the US.

"It has taken over 30 years," says Guilhaumon. "You have to love jazz and the culture. You have to have a strong village and a strong area to do this. Five hundred people from the area give their time free during the festival. The organisation is completely different from any other jazz event."

Last year Marciac was named a *Site Majeur* and granted a subsidy by regional and national government. "Still," says Guil-

haumon, "of the FF10m (£1m) budget, 10 per cent comes from public aid, 20 per cent from sponsors and the rest [a whopping 70 per cent] from ticket sales."

I can vouch for the ticket sales. The night I was there the main marquee, which holds more than 5,000 people, was jam-packed for some of the great names: the Jones Brothers, Milt Jackson, Johnny Griffin...

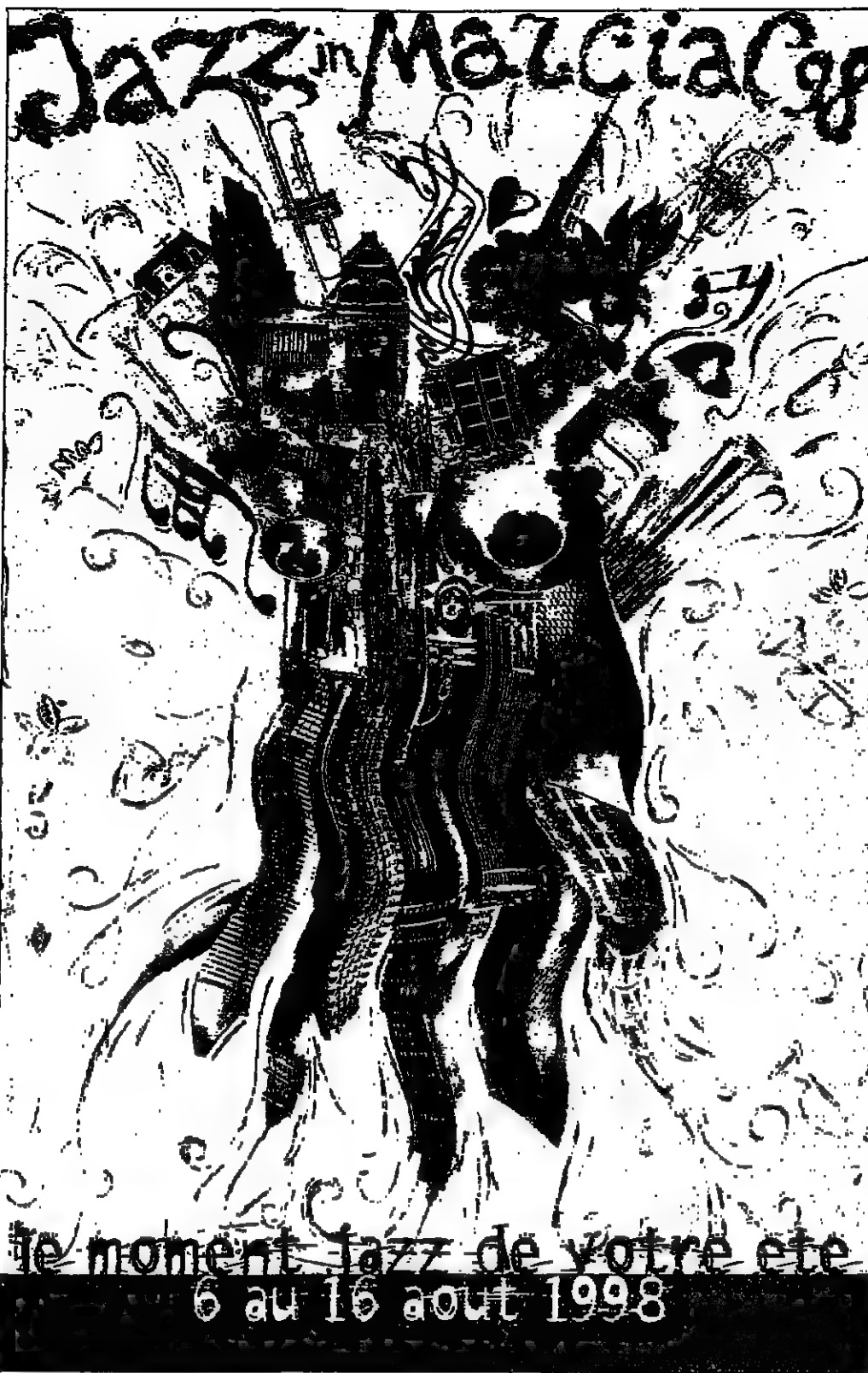
The music is piped to satellite tents around the main arena where thousands more are eating, drinking, meeting and greeting. Back in the town square, hundreds are listening to lesser names with just as much enthusiasm - and at no cost. Jazz there, throughout the 10 days and nights of the festival, is completely free.

As yet another quartet strikes up, the stalls and shops which surround the bandstand are doing a roaring trade. You can buy balloons, hats, sausages and wine, wooden African carvings, bags and leather belts, candy floss, *frites* and *foie gras*. I am introduced to a drink which is a mixture of beer and armagnac - a combination that does nothing for either drink and, at FF25 a bottle, is hardly cheap. Much better to drink local wine.

All this must make the village sound like a global bazaar but, for all the outside influences, not least the musicians, it is indubitably French in atmosphere and character. As Guilhaumon says: "We want to keep our soul. We are big enough now. In future, we must concentrate on improving facilities and giving people what they need."

Unsurprisingly, accommodation is a problem but the festival will doubtless spawn new hotels, improved camping facilities and, importantly for Marciac, more small businesses of a craft nature.

Before the jazz festival started Guilhaumon's school had 90 students; now there are more than 150, thanks mainly to the conservatory. Even when the festival is over, the village has a strong



Poster power: Marciac's festival attracts some of the biggest names in world jazz

ongoing programme of concerts - classical as well as jazz.

Just in case you are in any doubt as to what it means to Marciac, stroll along to the Place du Chevalier Antras, next to the museum, Les Territoires du Jazz.

There you will find a statue of Marciac's patron saint, Wynton Marsalis, the jazz trumpeter. This August - as every year - Marciac will be at Marciac in person. Teaching jazz at the high school, of course.

For details of this year's festival at Marciac and accommodation information: in the UK call 0291-344123 (calls charged at 60p a minute). In the US call the French government tourist office in New York on (212) 528-7800.

Early birds catch cheapest crossings

Getting to France this summer is going to prove costlier than ever for UK travellers.

Cross-Channel fares have risen substantially on both short and long crossings. However, cheaper fares are available on some routes for early bookers.

Brittany Ferries has made certain that it will take a fair chunk of the market not only this year but in years to come by building the largest holiday business to France from the UK in terms of destinations.

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Ian Carruthers, Brittany Ferries managing director, reckons to increase that aspect of the business and expects that, by 2001, 20 per cent of its passengers will be travelling on holidays organised by the company itself.

Brittany Ferries (Tel: 0990 360 360) is offering the following 10-day saver fares for car plus two adults and two children during high season: Portsmouth to Caen £228, Portsmouth-St. Malo £248, Plymouth-Roscoff £224 and Poole-Cherbourg £228.

P&O Stena line is doing a five-day return from Dover to Calais for a car plus nine people starting from £105 from July or a flexible return for the same number for £185. For reservations call: 0876 0600 0600.

From Portsmouth to Le Havre and Cherbourg, P&O's 16-day return crossing, high season, car plus two adults will be £230 with up to three children travelling free (additional adults £24, children £7). The standard return for the same numbers will be £294.

SeaFrance is doing a five-day return from Dover to Calais all summer for £113, car plus nine with a standard return of £189. Super Apex bookings - those made before March 31 - come down to £95, car plus 9, and £149 car plus 9, tel: 01304-212896.

Hovercraft is the sole operator from Folkestone to Boulogne and its apex standard return - book by March 31, valid for the rest of the year - is £139 for a car plus nine. Its hourly hovercraft from Dover to Calais (apex standard), again for a car plus nine, is £189. Its new fast ferry service from Newhaven to

Dieppe starts April 10. High season return for a car plus four is around £250, but if you book before the end of this month you can get a special fare of just £110. (Tel: 01304-865170.)

Eurotunnel's Folkestone-Calais crossing for car, plus as many people as you can cram in, is £230 for a high-season open return but, if you want to do a five-day return you can obtain a ticket for £145. (Call 0990 355 355.)

Condor ferries operates from Weymouth to Poole or St. Malo via the Channel Islands from April. (Tel: 01305-761551.)

Finally, a word about French Motorail. It is not cheap but on a journey to, say, the south of France, and weighed against motorway tolls, hotel, petrol and meal costs, it looks competitively priced.

The snag is that facilities offered at *l'autorail* terminals and on the trains - leave a lot to be desired, starting with lavatories. There are simply not enough of them, and they are very old. The motorail terminals are set tantalisingly apart from local shops, bars or restaurants. Facilities - and staff - barely cope at peak periods.

The meal I ate last summer at the Calais terminal, or rather didn't eat, was truly appalling with an overworked staff battling bravely against the odds to feed everyone who wanted a meal. Surely it is not beyond French Railways to provide a decent restaurant facility for what is virtually a captive audience?

Even better would be a shorter wait for vehicle loading and provision of a dining car. Once on the train you cannot move out of your carriage - indeed, there is very little option other than to lie down since space is at a premium in the cramped compartments.

Still, most families treat the overnight train as an adventure - and so it is in some respects. Nothing quite beats opening the blinds of your compartment in the morning and seeing the red-tiled rooftops of southern France flying past. And knowing that you didn't spend two days on a French motorway to get there.

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Jill James

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SPORT

BOXING

Shy guy of fight game bids to be ring king

Lennox Lewis tonight seeks the undisputed world title. Keith Wheatley reports

Almost 10 years ago a whim took me to Hull, the remote fishing port on Britain's eastern flank. It was a foul night, with freezing rain sweeping in from the North Sea.

A few hundred bedraggled boxing fans queued to get into the City Hall. It seemed an inauspicious start to a career that reaches its zenith tonight in New York's Madison Square Garden.

One would have needed to have been living in an extra-terrestrial cave for the past week not to know that Lennox Lewis, Britain's finest, is due to meet Evander Holyfield in a fight that will produce the undisputed world heavyweight champion.

Even Lewis, an intrinsically retiring and shy man, has been swept up in a publicity machine that (accurately for once) pitches the bout as Fight of the Decade.

There was no television and no public relations campaign in Hull. In fact, I think I was the media, with the exception of a part-time boxing correspondent from the local evening paper.

My sports editor at the time was dubious about the whole story, but reasoned that if I wanted to waste my time pottering in strange provincial towns watching unknown boxers, then he couldn't be bothered to oppose the idea.

My first knowledge of Lewis had come some weeks earlier when flying to Toronto. The Air Canada in-flight magazine contained an article detailing the boxer's move to England. It was written with some bitterness, since, as an amateur, Lewis had won one of Canada's few Olympic gold medals at the 1988 Seoul games and the country's sports writers were understandably peeved at the prospect of virtually their only potential excuse to travel the world defecting to London.

At the time I was one of the few UK reporters with any interest in the business

machinations behind big-time sport. What first intrigued me about the Lewis story was the detail that his move and future career were being "sponsored" by Roger Levitt, a London-based financier. Buying and developing a sportsman as if he were a long-term growth stock was an idea still slightly ahead of its time in 1990, although Mark McCormack, the US sports management mogul, had done something similar with golfers.

That evening in Hull I was feeling slightly cheated because there was no sign of Levitt attending his boy's British debut, despite his promising me an interview.

My neighbour said the two young men lived on the same council estate and had been fighting one another since primary school. Madison Square Garden it was not. Just as Lewis climbed into the ring, Levitt and an



On target: Lennox Lewis trains at the Blue Velvet gym in New York for the championship bout against Evander Holyfield

and American novels. It was by far the most enjoyable part of my only visit to Hull.

Much has changed in the intervening decade (not least that Lewis will earn \$10m for tonight's rumour) but much has not. Lewis remains a highly unusual boxer, who follows his own agenda and remains curiously aloof from the fight game's Runyonesque extremes.

Violet still goes to all the training camps and cooks

year-old who lives with his mother and brother in suburban Merfordshire.

In his business life Lewis's instincts have led him away from the high-profile promoters such as Frank Warren and Don King (at least until this fight), and into a long-term relationship with London-based accountant Panos Eliades. From an office near the British Museum, Eliades has a spectrum of business interests but only one boxer.

"When Roger Levitt went bust and all of that, he asked me to buy up Lennox's contract. It was for a small sum, just enough to pay a legal bill, and I did it to help out a neighbour," recalled Eliades. "I knew nothing about boxing then, although I've had to learn a bit over the years. I do know that Lennox is one of the most admirable men I have known."

Until now, one of Lewis's strongest instincts was to stay away from Don King, but the irresistible forces of money and warriorhood that made this fight inevitable led the British boxer into the temporary embrace of the electric-haired American promoter.

"Boxers say there's only one King and at this level they're right," said Lewis last week. "He's the big man. He needs to be involved. He tried to get me to sign with

him in 1993 but he had Tyson and I didn't want to be second string."

King has elaborate theories (issued at the vocal speed of a tobacco auctioneer) as to why Lewis is not better-known. Certainly in the US, the heavyweight's profile is not so much low as ground-level. A trawl through the Boxing Hall of Fame web site for Lewis's name brought this to the screen: "Sorry, we couldn't find any documents that match your query. (HINT: check your spelling)."

The King theory, or at least a summarised version, runs as follows. "Lennox Lewis was a busy figure in the UK. I alerted him to his identity and now he's claiming it," explained Telford Don in London recently. "He was the invisible man. Now that he is a self-proclaimed man of British descent he's claiming his country as his own."

"This is a new Lennox Lewis fighting Evander Holyfield. The winner will be the unmitigated, the unadulterated, the undisputed heavyweight champion of the world. This will unite the secular and the spiritual."

All this will be news to Lewis, who is content with his Jamaican heritage, British birth and Canadian upbringing. For a black boy who was teased at school in

Toronto for his cockney accent, a touch of ethnic ambiguity is nothing new.

The sheer calmness, rationality and equanimity of Lewis have created a wake of debate throughout his career, with many arguing that he lacks the aggression or killer instinct essential for a champion. Critics cite his 1994 defeat by the mentally unbalanced and technically deficient Oliver McCall as evidence. It was a poor fight, a one-off night in a decade, and Lewis knows it.

Two years later he defeated McCall easily in a rematch. In the past six weeks at a training camp in Pennsylvania, Lewis has demonstrated a ferocious commitment to the task at hand. "When I step into that 20x30 ring, I ain't looking out of it until the end."

"I'm gonna go in there and definitely hit Evander Holyfield," he told a news conference last week. What will have me cheering him on is the man's integrity. Boxing was once taught in schools because it was thought to promote manliness, courage, respect for others, and guts. In the era of Mike Tyson and Prince Naseem, such a view became laughable.

But win or lose tonight, Lewis has given boxing back at least as much as he has taken from it.

Vestey hunts and is no apologist. But the enthusiastic stunts and grandstands who nurtured an affection for racing in the young Vestey - his father died in the second world war - have not produced a man blinkered to criticisms of country sports.

He was clearly concerned for Castle Sweep and the 10 flights of hurdles and six rivals he faced, for, as the Cleeve Hurdle drew closer, Vestey grew increasingly self-absorbed.

The gelding was bought in Ireland and has already given his owner much pleasure; he should have a few years racing left in him before he departs to Stowell Park for retirement, joining mares and foal at the Vestey nursery.

In the paddock, as the runners circled, Vestey talked to his jockey, Richard Johnson. The owner's own racing experience amounts to one ride in a charity event a few years ago - at Cheltenham, of course. "Too fat, too frightened," Vestey laughed in ruling out another.

The Cleeve Hurdle proved a testing four-minute examination for horse and owner. The racecourse commentator was gentle on his chairman's feelings as Castle Sweep became detached from the leaders, then rallied to pass tired horses up the hill to finish fourth. Lady Rebecca was an impressive winner.

In the winner's enclosure, in the berth reserved for fourth place, Castle Sweep swooned freely while owner and trainer talked earnestly nearby.

Vestey then discreetly slipped Castle Sweep's groom a crisp note for her efforts. It is an old tradition that recognises who cares most for horses, at the track and at the stables. The chairman of Cheltenham is not one to overlook it.

MICHAEL THOMPSON-NOEL

It could soon be time to pull up stumps

According to cricket's pundits, it was arrogance, complacency and lack of investment during their heyday that laid the seeds of West Indies' calamitous fall from grace in Port-of-Spain, Trinidad, this week.

That may be true, but it is my belief that cricket's days as a sport of any significance are almost over. It will linger on, here and there. But I do not see how it will survive in the dog-eat-dog environment of big-money, 21st century sport.

West Indies' absolute cricketing heyday ran from June 1980 to February 1995. In that period they were undefeated in 27 Test series, winning 19 of them.

However, this week they were dismissed for 51 runs in their second innings in the first Test against Australia, their lowest Test total. It was their sixth consecutive Test loss, following a 5-0 series thumping by South Africa.

A players' strike before the South African tour revealed the open divisions between the team and the West Indies Cricket Board, while once in South Africa, captain Brian Lara's slipshod approach both to the captaincy and his own batting betrayed the arrogance developed by leading West Indies players over the years.

In any case, the stream of WI cricketing talent has dried up, partly because boys are being seduced by rival sports, and partly through the failure of the board to invest in a development programme so that all the different islands, to quote former Test great Clive Lloyd, who now manages the team, can sing from the same song-sheet.

□□□□

No wonder satellite broadcaster BSkyB, in which ageing media mogul Rupert Murdoch has a large stake, wants to get its hands on Manchester United, the most famous sports club in the world, for which it has bid a stack of money. What BSkyB is really hoping is to get its hands on the Manchester United manager Alex Ferguson, whose extreme competitiveness long ago made him a pain in the neck.

Ferguson is a desperately poor loser, and often excoriates referees. I was relieved, therefore, to see top English ref Paul Durkin defending his decisions to dismiss United's Paul Scholes and Chelsea's Roberto Di Matteo from the pitch during last Sunday's goal-less FA Cup clash in Manchester.

The dismissals were pompously criticised by Ferguson, but Durkin would not be bullied. After watching replays of each of the incidents, he said the sendings-off were justified. Quite right, Durkin is a splendid fellow while Ferguson is a whinge-bag. BSkyB is welcome to him.

□□□□

When is an event not a news event? Answer: when Michael Knight, the New

HOW TO FUNT IT

There were angry protests this week when Sporting Index, a leading UK spread-betting firm, had to cancel a bet. It had challenged punters to guess how many times Betty Boothroyd, speaker of the House of Commons, would shout "Order!" to quell noisy members of parliament during the Budget speech.

The bet was declared void when the firm realised that the deputy speaker sits in the speaker's chair during the Budget speech. This led to several protests by customers who had sold the bet (gone low) on the grounds that the number of times the speaker had cried "Order!" was zero.

However, they did not have a leg to stand on. Sporting Index pointed out that there is a rule in the spread-betting business which declares all bets void that are placed on anticipated participants who do not, in fact, take part in an event. This is an offshoot of the universal betting rule, in force from the north pole

South Wales state minister for Olympic matters, says it is - or isn't.

Sydney is staging the summer Olympics next year, and has produced a futuristic, silver and white Olympic torch. It weighs just over 2lb and was unveiled last Monday, in newspapers owned by Rupert Murdoch's News Ltd, which received advance pictures and publicity matter. This prompted complaints from rival media companies miffed at News Ltd's preferential treatment.

Ah, said the NSW minister for Olympic affairs. The announcement of the torch was not a news event, and thus could be offered as an exclusive to News Ltd, a significant Olympic sponsor. The minister probably has a point, though you would be surprised what passes for news in Australia on a slow weekend.

Certainly the torch story was not without interest. For instance, there will not just be one torch, but 10,000. A new torch will be used for each of the 10,000 relay legs along which 10,000 Australians will carry it on a

'I do not see how cricket will survive in the dog-eat-dog environment of 21st century sport'

100-day, 16,500-mile journey designed to spread the Olympic spirit throughout the great red continent. The journey finishes at Stadium Australia on September 15, when it will light the Sydney 2000 flame. Those involved in the relay will be able to purchase their very own torch for A\$300 (£120).

As Olympic torch stories go, that one scores 9.25 on a scale of one to 10.

□□□□

What is the least number of strokes it takes for a tennis player to win a set? A 24-year-old British warehouseman won £125,000 this week on a dotty TV quiz show, called Who Wants To Be A Millionaire?, for - you won't believe this - giving the wrong answer.

Faced with four possible answers, Tony Kennedy chose 24, assuming that to win a set 5-0 would take a minimum of 6 x 4 strokes. The correct answer, of course, is 12. "It's a trick question which coaches sometimes give to youngsters," a London tennis centre official told one of the tabloids.

To win a tennis set, a player must win six games. He could win his own three service games with 12 strokes and win his opponent's three service games with no strokes whatsoever - if his opponent double-faulted every time. I am writing to Paul Smith, the quiz's executive producer, offering to pay him £125,500 if he will have me on his crummy show.

SPORTING PROFILE

Hunt racing's willing workhorse

Colin Cameron sees how Cheltenham course chief Lord Vestey copes with demands on his time

Lord Vestey sports many hats along with his tribby when he goes racing at Cheltenham.

During a day at "the home of National Hunt racing", Vestey serves as racecourse chairman and director, host to the royal family's regulars, entertainer of sponsors, grandfather, all-round family man, and companion to many long-standing turf acquaintances who have joined him for the afternoon. It helps that the third baron - "Sam" to those he greets from bookmaker to boardroom colleague - is a turf enthusiast and occasional punter, and an admirer of the thoroughbred. In shouldering a hefty saddle-full of responsibility, a love and appreciation of the game is essential.

He needs all the drive he can muster. In the past, he has also had to play civic diplomat - in the days when the mayors of Tewkesbury

and Cheltenham could both claim that some of the racecourse fell within their jurisdiction. And in more than 20 years on the board at Cheltenham, Vestey has had to keep a keen eye on all that concerns the punters coming through the turnstiles.

When I joined him for the day, on the last Saturday of racing before next week's three-day showpiece festival meeting, there was also Castle Sweep to consider. The gelding was down to carry the Vestey blue and yellow racing silks in that afternoon's fifth race, the Cleeve Hurdle. The prospect of a runner clearly dominates the

owner's mind on race day.

So it made it all the more of a wrench for Vestey to have to put those thoughts on hold. Before his horse ran, he had first to dig deep to meet all his other commitments.

There are few more willing workhorses than Vestey. Home is - and has been for all his 57 years - Stowell Park, just seven miles from the Cheltenham racecourse at Prestbury Park. It means Vestey can be on site quickly and, as chairman for more than a decade and a director for one before that, has enabled him to contribute to the growth of the National Hunt Festival into one of the year's great sporting occasions.

The festival can be a slog. "The hardest part is being nice to everyone all the time," confessed Vestey.

But the satisfaction of staging what for many are the three best racing days of the year makes it worthwhile. There are even real pleasures: for example, a minibus ferries family and guests from Stowell for the day and then back in the evening for supper and a discussion of the day's events and consideration of prospects for the following day. "It is over so quickly," lamented the man who plays host at both venues. This year, however, Vestey's 58th birthday, on the day after Thursday's Gold Cup, will continue the enjoyment beyond the meeting's normal 72 hours.

On Cheltenham's other race days - a dozen, spread between the season's opener



Lord Vestey: 'Too fat, too frightened' for the saddle

Fergus Wilson

in October and the track's evening meeting in April - Vestey is more able to enjoy himself.

About 10,000 racegoers were present on Castle Sweep's big day, including the Vestey grandchildren - Alfie, 22 months, and Megan, making her debut, aged six months. This Cleeve Hurdle crowd was about a fifth of the usual number for Cheltenham Gold Cup day. The £25m spent on facilities during Vestey's stewardship means that Cheltenham can accommodate such a gathering comfortably.

During our day together, Vestey began his formal duties with lunch - race sponsors receive a warm welcome in return for their contribution to the £120,000 prize-money pool on offer. There was plenty on offer for

carnivores, naturally enough at a lunch party hosted by the Vestey Group chairman, a former president of the London Meat Trade and Drovers Benevolent Society and a recent chairman of the Meat Training Council.

Vestey's first success as an owner from 22 festival week runners came in 1987 when Karshi, bred by his wife Celia and trained by her sister Henrietta Knight, won the Stayers' Hurdle. That day was also Celia's first back at the races after a brain haemorrhage.

Time after time, Cheltenham provides such poignant moments. There are the tragedies, too. Animal welfare groups and the anti-hunting lobby protest that injuries and fatalities make National Hunt racing an unjustifiable pursuit.

Essential Health & Fitness Guide

will be appearing on

Saturday April 3

To coincide with the Oxford & Cambridge Boat Race.

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What's on
around the
world

■ AMSTERDAM

DANCE

Het Muziektheater
Tel: 31-20-551 8911
Dutch National Ballet programme combining the Dutch premiere of *Acts of Light* by Martha Graham, with the world premiere of Krzysztof Pastor's *Bitter Sweet*, and Balanchine's *Symphony in C*; Mar 18

EXHIBITIONS

Rijksmuseum
Tel: 31-20-673 2121
● Adriaen de Vries (1566-1626): Imperial Sculptor. Major exhibition celebrating the work of the Dutch sculptor, including around 40 bronzes on loan from public and private collections in Europe and the US. Highlights include the fountain statues from the gardens of Drillinghous; to Mar 14
● Asser: Pioneer of Dutch photography. Nearly 200 photographs, including portraits and still lifes. The prints were produced by a variety of techniques with which Asser experimented before devoting his full attention to developing a method of photographic reproduction; to Mar 14

OPERA

Nederlandsche Opera, Het Muziektheater
Tel: 31-20-551 8911
Die Zauberflöte: by Mozart. Conducted by Hartmut Haenchen in a revival of Pierre Audi's staging co-directed by Saskia Boddeker; Mar 13, 15, 18

■ BERLIN

EXHIBITION

Neue Nationalgalerie
Tel: 49-30-2660
Max Ernst (1891-1976): retrospective of the German Surrealist; to May 30, then transferring to Munich

OPERA

Deutsches Oper
Tel: 49-30-34384-01
● Aida: by Verdi. Conducted by Lawrence Foster in a staging by Götz Friedrich; Mar 15
● Rise and Fall of the City of Mahagonny: by Kurt Weill, libretto by Brecht. New staging by Günter Krämer, conducted by Lawrence Foster, with designs by Gottfried Fikz and Isabel Ines Gieshar; Mar 14
● Tosca: by Puccini. Conducted by Jacques Delacoste in a staging by Boleslaw Barlog; Mar 16

Staatstheater unter den Linden

Tel: 49-30-2035 4555
www.staatstheater-berlin.org
Die Meistersinger von Nürnberg: by Wagner. Conducted by Daniel Barenboim in a staging by Harry Kupfer; Mar 14

■ BOLOGNA

OPERA

Teatro Comunale
Tel: 39-51-529599
La Cenerentola: by Gioacchino, Conducted by Bruno Bartoletti in a revival of Lilliana Cavani's staging, first seen in Zurich four years ago. The cast is led by Daniela Dessi and Alberto Cupido; Mar 14, 16, 18

■ BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1200
www.kah-bonn.de
High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-34). Masterpieces from the early 16th century, when Rome established itself as the centre of art in Europe, with the Vatican commissioning work from such great artists as Leonardo da Vinci, Michelangelo and Raphael; to Apr 11

■ CHICAGO

CONCERTS

Orchestra Hall
Tel: 1-312-294-3000
www.chicagoopera.org
● Chicago Symphony Orchestra: conducted by James Levine in Mahler's Symphony No. 3. With mezzo-soprano Michelle DeYoung, women of the Symphony Chorus and the Glen Ellyn Children's Chorus; Mar 13
● Chicago Symphony Orchestra: conducted by Pierre Boulez in works by Stravinsky, Debussy and Berlioz, with harp soloist Sarah Butler; Mar 18

EXHIBITION

Chicago Cultural Center
Tel: 1-312-744 6830
Landmarks of New York and Chicago: display of 150 photographs, celebrating some of the most important buildings in both cities; to May 30

OPERA

Lyric Opera of Chicago
Tel: 1-312-532 2244
www.lyricopera.org
Die Meistersinger von Nürnberg: by Wagner. Conducted by Christian Thielemann in a staging by Kurt Herres, with designs by Andreas Reinhardt; Mar 13

■ CLEVELAND

EXHIBITION

Cleveland Museum of Art
Tel: 1-216-421 7340
www.clevelandmuseumofart.org
Diego Rivera: Art and Revolution. Major retrospective of the Latin American painter and muralist pioneer, featuring 125 works including public and private loans from Europe and Mexico; to May 2

■ COLOGNE

EXHIBITION

Wallraf-Richartz Museum
Tel: 49-221-223 82
www.museumkoeln.de
Arendt de Gelder (1645-1727): first monographic exhibition devoted to Arendt de Gelder, one of Rembrandt's most prominent pupils. The show includes 58 paintings and 13 drawings as well as 25 graphic works by Rembrandt; to May 9

■ COPENHAGEN

EXHIBITIONS

Louise Museum of Modern Art, Helsingørsk
Tel: 45-4919 0719
www.louise.dk
● Henri Cartier-Bresson: Europeans. Previously seen in Paris and London, this show brings together 185 works ranging across the photographer's career from the 1930s to the present; to Jun 6
● The Asian City of the 90s: display focusing on



'Phil/Fingerprint', 1980, by Chuck Close, in 'Art at Work', an exhibition of the Chase Manhattan Collection now showing at the Museum of Fine Arts and the Contemporary Arts Museum in Houston

the processes of cultural, political and economic development in Asia, and on the dialogue between East and West; to Apr 21

Stadtmuseum für Kunst

Henri Matisse: Four great collections. Brings together works from what were once the greatest artists' collections of Matisse's art, made by two Russians, Morozov and Schukin, and two Danes, Tietzen-Lund and Rump; to May 24

■ DRESDEN

OPERA

Semper Oper
Tel: 49-351-48420
Ariadne auf Naxos: by R. Strauss. Conducted by Colin Davis in a new staging by Marco Arturo Marelli. Cast includes Susan Anthony and Jan Villars; Mar 14, 17, 19

■ FORT WORTH

EXHIBITION

Kimbell Art Museum
Tel: 1-817-3328451
www.kimbellart.org
Medusa and Picasso: A Gentle Rivalry. More than 100 paintings, sculptures and drawings on loan from collections around the world make up this first-ever exhibition devoted to the relationship between the two great modernists; to May 2

■ HOUSTON

EXHIBITION

Museum of Fine Arts, Houston (Tel: 1-713-639 7300) and Contemporary Arts Museum (Tel: 1-713-294 8251)
www.mfah.org

Art at Work: Forty Years of the Chase Manhattan Collection. Display of 77 works which together chart the major movements in postwar American and European art. Organized chronologically, the show at the Museum of Fine Arts includes works by Calder, Stella and Bayes, while the Contemporary Arts Museum features artists of the 1980s and 1990s, including Basquiat, Close, Cragg, Lichtenstein and Sherman; to May 2

■ LAUSANNE

OPERA

Opéra de Lausanne, Théâtre Municipal
Tel: 41-21-510 1600
Dido and Aeneas: by Purcell/Carew River: by Britten. Double-bill conducted by David Stern, with the Purcell staged by Marcel Rozsant and the Britten by Youth Opera; Mar 14

■ LILLE

EXHIBITION

Palais des Beaux Arts
Goya: on regard Rine. Small-scale exhibition which explores the range and peculiarities of the painter's work. The 50 works on display include loans from around the world; to Mar 14

■ LONDON

CONCERTS

Queen Elizabeth Hall
Tel: 44-171-980 4242
● London Mozart Players: conducted by Matthias Bamert in a programme of works by Mozart, with tenor Mark Tucker; Mar 18
● London Sinfonietta: Hagley Poppley Pupp and Where the Wild Things Are, conducted by their composer Oliver Knussen; Mar 17

Royal Festival Hall

Tel: 44-171-980 4242
● BBC Concert Orchestra: conducted by Barry Wordsworth in works by Rossini, Handel, Sibelius and Rimsky-Korsakov, with violin soloist Tasmin Little; Mar 16

City of Birmingham Symphony Orchestra: conducted by Simon Rattle in Nicholas Maw's *Odyssey*; Mar 15

London Philharmonic Orchestra: conducted by Paavo Berglund in works by Sibelius, Beethoven and Tchaikovsky, with piano soloist Leif Ove Andros; Mar 14

Philharmonia Orchestra: conducted by Christoph von Dohnányi in Mahler's Symphony No. 8; Mar 13
● Philharmonia Orchestra: conducted by Benjamin Zander in a selection of waltzes by J. Strauss, and Mahler's Symphony No. 5; Mar 18

EXHIBITIONS

Barbican Art Gallery
Tel: 44-171-638 8891
● Africa by Africa: A Photographic View. Spanning the breadth of photography produced in Africa since the 1920s. Includes works by Mame Cassel, Seydou Keita and Samuel Fosso; to Mar 28
● Picasso and Photography: The Dark Mirror. Exhibition exploring the influence of photography upon the artist's work; to Mar 28

British Museum

Tel: 44-171-638 1555
The Golden Swoon: Stamford Raffles and the East. Display bringing together biographical material with objects collected by the self-taught scholar who is chiefly remembered as the founder of Singapore. Includes musical instruments, masks and shadow puppets; to Apr 18

Hayward Gallery

Tel: 44-171-261 0127
www.hayward-gallery.org.uk
Patrick Caulfield: major retrospective of the British pop artist; to Apr 11, then touring in Europe and the US

National Gallery

Tel: 44-171-639 3321
● Orazio Gentileschi at the Court of Charles I: first-ever retrospective of the 17th century Italian painter, friend to Caravaggio, and Court Painter to Charles I; to May 23
● Portraits by Ingres: Images of an Epoch. 40 paintings and 50 drawings by the 19th century French painter. Includes major loans from museums in France, the US and elsewhere; to Apr 25

Royal Academy of Arts

Tel: 44-171-300 0000
Moreau in the 20th Century: arriving in London from Boston, this exhibition brings together late works by the founder of Impressionism. The 80 paintings on display include important public and private loans, culminating in a group of seven of the monumental water lily panels which were the triumph of his career; to Apr 18

Tate Gallery

Tel: 44-171-687 6000
Jackson Pollock: arriving in London from New York, this major retrospective of the Abstract Expressionist comprises around 80 paintings and drawings drawn from major public and private collections worldwide; to Jun 6

FESTIVAL

London Handel Festival
Tel: 44-171-336 0990
London Handel Festival: highlights include a staging of Handel's opera *Lolita* at the Britten Theatre, with the London Handel Orchestra conducted by David Belinfante; and soloists from the Royal College of Music (Mar 23-25); concerts at St. George's Chapel, Windsor Castle and St. George's Church, Hanover Square; from Mar 14 to Apr 25

OPERA

English National Opera, London Coliseum
Tel: 44-171-632 8300
● Medea: by Bolto. Conducted by Oliver von Dohnányi in a new staging by Ian Judge; Mar 18
● Parsifal: by Wagner. Conducted by Mark Elder in a new staging by Wilfried Lehmert. Cast includes

Kim Begley and Jonathan Summers; Mar 13, 16

THEATRE

Albany Theatre

Tel: 44-171-369 1740
Vassia: by Maxim Gorky. Howard Davies directs Peter Gill's new version of the Russian comedy, with Sheila Hancock in the title role

Gielgud Theatre

Tel: 44-171-494 5065
Gross Indecency: Moses Kaufman's play about the trial of Oscar Wilde, starring Michael Pennington; previews

National Theatre, Cottesloe

Tel: 44-171-928 2252
The Riot: by Nick Darke. New work by the Cornish playwright about the Newlyn Riots of 1896. Co-production between Kneehigh Theatre and the National Theatre, directed by Mike Shepherd

National Theatre, Lyttelton

Tel: 44-171-928 2252
● The Forest: by Alexander Ostrovsky. Adapted by Alan Ayckbourn and directed by Anthony Page, with a cast including Michael Feast, Frances de la Tour and Michael Williams
● The Colleen Bawn: Dublin's Abbey Theatre brings Don Boudcault's Irish classic, in a new production by Conell Morrison; opens Mar 18

■ LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art
Tel: 1-213-857 6000
www.lacma.org
Van Gogh's Van Gogh: Masterpieces from the Van Gogh Museum, Amsterdam. Display of 70 paintings on loan during the period of the Dutch museum's renovation; to May 18

■ MADRID

EXHIBITION

Fundación Juan March
Tel: 34-91-435 4240
Marc Chagall: Jewish Traditions. 40 paintings by the Russian-French painter; to Apr 11

Tejano-Bonafant Museum

Tel: 34-91-429 544
13 Cases: Identity and Transformation. Focusing on the years 1950-1960, this exhibition follows the artist's early experimentation in Cuba and Italy. The 80 works on display include major public and private loans; to May 16

■ MILAN

EXHIBITION

Palazzo Reale
Tel: 39-02-8691 5738
L'Anima e il Volto (The Soul and the Face): major exhibition of portraiture, comprising 370 works ranging over 400 years. Artists represented include Titian and Caravaggio; to Mar 14

■ MUNICH

CONCERTS

Philharmonie Gasteig
Tel: 49-89-5481 8181
● Bavarian Radio Symphony Orchestra: conducted by Lorin Maazel in works by Mozart and Bruckner. With piano soloist Murray Perahia; Mar 13
● Bavarian Radio Symphony Orchestra: conducted by Lorin Maazel in works by Bruckner; Mar 17
● Philharmonie der Nationen: conducted by Julius Frenze in works by Beethoven; Mar 14

EXHIBITIONS

Haus der Kunst
Tel: 49-89-211270
● Angelika Kauffman (1741-1807): retrospective of works by the Swiss decorative artist, who was a

founder member of London's Royal Academy; to Apr 18
● Art Across Borders: Classical Modernism from Cézanne to Tinguely and World Art as seen from Switzerland. Display of the collection made by Swiss reclusive Josef Müller (1887-1977), which combined European modernism with classical antiquities and pre-Columbian art; to May 30

OPERA

Bayrische Staatsoper
Tel: 49-89-2185 1920
www.staatsoper.bayern.de
Katya Kabanova: by Janáček. Conducted by Paul Daniel in a staging by David Pountney; Mar 14, 17

■ NEW YORK

CONCERTS

Avery Fisher Hall, Lincoln Center
Tel: 1-212-875 5030
www.lincolncenter.org
● New York Philharmonic: conducted by Paavo Järvi in works by Paul Creston, Bartók and J. Brahms; Mar 13, 18
● New York Philharmonic: conducted by Yuri Temirkanov in works by Shostakovich and Stravinsky, with violin soloist Hilary Hahn; Mar 18, 19

EXHIBITIONS

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● Jim Dine: Walking Memory, 1969-1989. More than 100 works make up this survey of the American artist, including photographs, paintings and performance pieces; to May 16
● Picasso and the War Years 1937-1945: more than 75 works - paintings, sculpture and works on paper - which together explore Picasso's response to the period which began with the Spanish Civil War and ended with the liberation of France. Includes major public and private loans; to May 9

Metropolitan Museum of Art

Tel: 1-212-879 5500
www.metmuseum.org
● Picasso: Painter and Sculptor in Clay. Seen last year at London's Royal Academy, this show brings together 175 ceramic works by Picasso, mostly created between 1947 and 1962; to Jun 6
● The Treasury of Saint Francis at Assisi: around 70 masterpieces of medieval and Renaissance panel painting, gold, textiles and manuscript illuminations. Includes pivotal works in the development of the early Renaissance; from Mar 16 to Jun 27

Whitney Museum of American Art

Tel: 1-212-327 2801
Ray Johnson (1927-1995): Correspondences. First major museum show about the artist who was a progenitor of pop and mail art. The 150 works on display include paintings and collages; to Mar 21

OPERA

Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
The Queen of Spades: by Tchaikovsky. Conducted by Valery Gergiev in a revival of Eliazh Moshinsky's staging, designed by Mark Thompson. The cast is led by Plácido Domingo, Galina Gorchakova and Olga Borodina; Mar 18

New York City Opera, New York State Theater
Tel: 1-212-870 5570
www.nyco.org
Lizzie Borden: by Jack Beeson. New production conducted by George Manahan in a staging by Rhoda Levine, with Phyllis Pearsall in the title role; Mar 13, 18

THEATRE

Booth Theatre

Tel: 1-212-239 6200
Via Dolorosa: by David Hare. The playwright's one-man show arrives from London; previews

Circle Theatre

Tel: 1-212-239 6200
Not About Nightingales: by Tennessee Williams. Directed by Trevor Nunn in a National Theatre production first seen in London, starring Conn Redgrave

Ethel Barrymore Theatre

Tel: 1-212-239 6200
Electra: Zolt Varnhagen plays the title role in David Leveaux's production of Sophocles' tragedy, in a new version by Frank McGuinness

Gramercy Theatre

Tel: 1-212-777 4900
Ashes to Ashes: by Harold Pinter. Karel Reisz directs Lindsay Duncan and David Strathairn in a Roundabout Theatre staging

Music Box

Tel: 1-212-239 6200
Clara: Patrick Marber's play transfers to New York from London, with a cast including Natasha Richardson and Anna Friel; previews

Playwrights Horizons Theatre

Tel: 1-212-279 4200
Betty's Summer Vacation: by Christopher Durang. New play set in the Hamptons, directed by Nicholas Martin; opens Mar 14

Roundabout Theatre

Tel: 1-212-719 1300
The Lion in Winter: by James Goldman. New staging directed by Michael Mayer. The cast is led by Lawrence Fishburne and Stockard Channing

■ NEWCASTLE

CONCERT

City Hall
Tel: 44-191-287 2606
Stuttgart Philharmonic: conducted by Jorge Peter Wille in works by Wagner, Brahms and Strauss, with piano soloist Barry Douglas; Mar 15

■ PARIS

EXHIBITIONS

Grand Palais
Tel: 33-1-4413 1730
Un ami de Cézanne et de Van Gogh: le docteur Gachet (1828-1905). Exhibition devoted to the doctor and painter who was a friend to Cézanne, Pissarro, Monet and Renoir as well as to Van Gogh, who famously spent the last weeks of his life with Gachet at Avers-sur-Oise; to Apr 26

Musée d'Orsay

Tel: 33-1-4049 4814
www.musee-orsay.fr
● Edward Burne-Jones: major retrospective of the British pre-Raphaelite painter, which forms the mainstay of the museum's 'salon anglais'; to Jun 6
● Gothic Revival: Architecture and Decorative Arts of Victorian England. Display examining the fascination of mid-19th century artists with medieval culture; to Jun 6
● Lewis Carroll: photographs by the author of Alice in Wonderland, of subjects including the young Alexandra Kitchin, and the actress Ellen Terry; to Jun 6

Musée du Louvre

Tel: 33-1-4020 5151

www.louvre.fr

Eternal monuments of Ramses II. New Theban excavations. Display of the latest archaeological findings from the Egyptian pharaoh's tomb; to May 10

OPERA

Opéra National de Paris, Opéra Bastille

Tel: 33-1-4473 1300
www.opera-de-paris.fr
The Magic Flute: by Mozart. Conducted by Friedemann Layer in a staging by Robert Wilson; Mar 13, 15, 17

Opéra National de Paris, Palais Garnier

Tel: 33-1-43439696
www.opera-de-paris.fr
La Cenerentola di Tito: by Mozart. Conducted by Ivor Bolton in a staging by Willy Decker with designs by John MacFarlane. Cast includes Theo van der Walt and Christine Goerke; Mar 15, 18

■ ROME

EXHIBITION

Galleria Nazionale d'Arte Moderna
Tel: 39-06-322 881
Picasso 1937-1953: The Italian Years. Around 70 works, including paintings, sculptures, ceramics and drawings, from the period between 1937 and 1953. Includes loans from the Picasso Museum in Paris; to Mar 14

■ SAINT LOUIS

EXHIBITION

St. Louis Art Museum
Tel: 1-314-721 0072
Beckmann in Paris: previously seen in Zurich, this show explores the German artist's relationship to the city he settled in. Work by Beckmann is displayed alongside that of French contemporaries; to May 9

■ SAN FRANCISCO

CONCERTS

Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
● San Francisco Symphony and Chorus: conducted by Herbert Blomstedt in Bach's St. John Passion; Mar 13, 14
● San Francisco Symphony Orchestra: conducted by Herbert Blomstedt in works by Berwald and Brahms; Mar 16, 19

■ SEATTLE

OPERA

Seattle Opera
Tel: 1-206-389 7576
www.seattleopera.org
Vanessa: by Samuel Barber. Conducted by Yves Abel in a staging by Sharon Ott. The title role is sung by Sheri Greenwald/Ashley Putnam; Mar 13

■ TOKYO

CONCERTS

Sanjō Hall
Tel: 81-3-3584 9999
● Tokyo City Philharmonic: conducted by Tetsuji Honna in works by Prokofiev and Stravinsky, with piano soloist Hiroshi Anzaki; Mar 13
● Vienna Philharmonic Orchestra: conducted by Riccardo Muti in works by Schumann and Shostakovich; Mar 16
● Vienna Philharmonic Orchestra: conducted by Riccardo Muti in works by Mozart; Mar 17

■ VIENNA

EXHIBITIONS

Austrian Museum of Applied Arts
James Turrell: retrospective of the American artist including two site-specific installations. The show also features photographs and drawings of the artist's work since the 1970s; to Mar 21

Kunsthaus Wien

Tel: 43-1-712 0495
Jean-Michel Basquiat: Paintings and Works on Paper. 100 works on loan from the Mugar Collection make up the first show in Austria devoted to the black-hispanic US artist; to May 2

Österreichische Galerie Belvedere

America: The New World in 19th Century Painting. Dealing with the period from the Declaration of Independence in 1776 until the US entry into World War I, this show brings together works from major museums and collections in the US, tracing the history of the country through the eyes of its painters; from Mar 17 to Jun 20

WEEKEND INVESTOR

WALL STREET

Bulls buzz as Dow gets set for its greatest leap forward

John Authers watches agog as the index nears the magic 10,000

Just in time for the millennium, the Dow Jones Industrial Average is preparing to add another zero. Strong gains last week brought it within 60 points of passing 10,000 for the first time. On Thursday it closed at 9,897.4, up more than 100 points for the week, and it gained another 50 points in early trading yesterday. But it subsided, and by mid-morning yesterday it was down slightly for the day.

The buzz of excitement brought enthusiasm for the bull market back to its highest levels, but that enthusiasm was misplaced. Oil was the sector driving the market - and particularly the Dow, whose 30 stocks include Chevron and Exxon. It is hard to see oil companies spurring any continued Wall Street rally.

They were hit last year as the crude price went into a prolonged slump. This factor helped keep inflation at bay, and sustained profits for industrial companies, but forced the industry into drastic consolidation. Exxon's planned merger with Mobil, a union of the two largest US oil companies, was the most dramatic example.

The fundamentals do not look much better now. Instead, hopes that the Opec cartel countries will thrash out a deal to limit supply later this month have boosted both the crude and oil share prices.

Oil stocks are still not at record levels in spite of this week's gush. Chevron, for example, has battled its way up to \$86 from a low of \$73, rising more than \$5 over Wednesday and Thursday, but remains below its highs.

The latest manoeuvres in the oil sector are reminiscent of Opec's behaviour in the early 1970s - when the Dow was passing 1,000 for the first time - and do not offer an answer to the industry's longer-term problems. Inventories remain high, and global demand appears weak. It is hard to see oil stocks resuming the dominant position in the US stock market and economy that they held 25 years ago.

The other motor for the gains of the past two weeks



Oil was the sector driving the market - but the enthusiasm is misplaced

sumer spending figures, which suggested that Americans are still buying more than they should.

There is something a little anachronistic about banks looking to shifts in the yield curve, and oil companies colluding to constrict supply. But it is no more out of date than the fascination with the Dow. The index captures the public imagination more than any other stock market measure in the world, and it has stood the test of time, but it is not the way anyone starting now would choose to gauge the market.

The index is weighted according to a company's price, rather than its market capitalisation, so that IBM, United Technologies, American Express and J.P. Morgan, which all have share prices well above \$100, have a greater weighting within the index than General Electric, the Dow's largest component.

The Dow's components have been up-graded cleverly over the years but they are still weighted far too heavily towards old-fashioned manufacturing industries. IBM and Hewlett-Packard fly the flag for the computer industry with no sign of Microsoft (now the largest company in the world by market capitalisation). Intel, Dell or Cisco Systems. All of these are listed on the Nasdaq exchange - which yesterday had a dreadful morning, falling 1.5 per cent.

Their performance matters more to the market than the likes of AlliedSignal, Alcoa or Union Carbide (even if Dow Jones has up-dated the index enough to remove such quaint-sounding founder members as Tennessee Coal & Iron and American Leather Preferred).

Business and the City may not have liked everything Brown has done - notably the windfall tax on utilities or abolishing the tax credit on dividends - but his record has been a lot better than they probably feared. Handing over the power to set interest rates to the Bank of England has helped by deflecting the inevitable criticism during the initial year or so of rate rises. This week's Budget



There were two little bears who lived in a wood, and one was bad and one was good.

This week featured the salutary tale, perhaps inspired by A.A. Milne, of two finance ministers. Brown Bear, who lived in the British part of the wood, unveiled his third Budget and was well received by the press - including Labour's old enemy, the Sun - and by the markets.

The FTSE 100 index chalked up another all-time high just two days after the Budget and, while the strength of Wall Street played its part, the words "Labour chancellor" and "stock market peaks" are not normally associated.

Red Bear lived in the German forest and he announced a surprise resignation this week.

But were the markets, or the press, sorry to see him go? Not at all. The Frankfurt bourse jumped 6 per cent in early trading yesterday on news of the departure of finance minister Oskar Lafontaine and the Sun, which had dubbed him "the most dangerous man in Europe", celebrated with the headline: "We haf vays of making you quit".

Predicting the markets is a dangerous game, but it seems safe to say that if UK Chancellor Gordon Brown were to resign after a disagreement with Tony Blair, the UK market would be more likely to fall than rise, 6 per cent.

Lafontaine had managed to rile the European Central Bank, the British government and German business with his demands for lower interest rates and his plans for tax reform, both within Germany and across Europe.

Business and the City may not have liked everything Brown has done - notably the windfall tax on utilities or abolishing the tax credit on dividends - but his record has been a lot better than they probably feared. Handing over the power to set interest rates to the Bank of England has helped by deflecting the inevitable criticism during the initial year or so of rate rises. This week's Budget

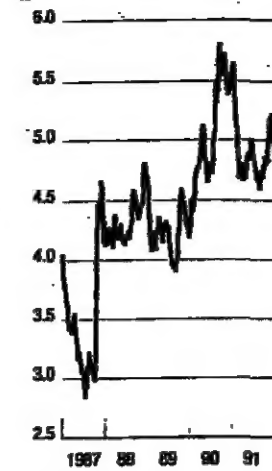
ONLOOKER PHILIP COGGAN

Gordon glows as Oskar goes

It was a week of triumph for Brown Bear. But Red Bear could take the strain no longer

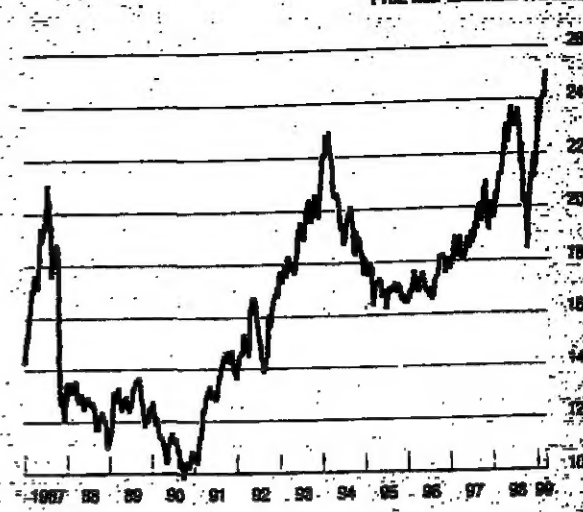
Valuation levels at extremes

FTSE All-Share dividend yield



Source: Datastream/FT

FTSE Non-Financials P/E ratio



contained a couple of possible "business-bashing" measures - an energy levy and a shift to a more aggressive approach in competition policy - and the main business-friendly proposals were concentrated on the smaller company sector.

But there were few howls

benefit, the new 10p starting rate and the 1p cut in income tax (from next year) were, it is true, offset by the abolition of mortgage interest relief and the married couple's allowance. But the net effect is to favour less well-off families, and they are more likely to spend more of their money.

yield on the FTSE All-Share index (2.82 per cent) and a record high for the price-earnings ratio on the FTSE Non-Financials index (25.02).

With the Dow Jones Industrial Average charging towards the 10,000 level, the London market might not care too much about valuation levels.

Wall Street's confidence will keep investors bullish. And the technical position of the market - the balance of supply and demand - continues to favour equities.

The supply of equity reduced by more than £30bn last year through takeovers and share buy-backs, according to BT Alex Brown, and the broker forecasts another £35bn will disappear this year. Recent events - special dividends and capital restructurings at Unilever, Halifax and Woolwich, and this week's agreed cash bid for M&G (see page 18) - indicate the strength of this trend.

The effect is to create a virtuous circle for the market. Institutions already have quite heavy weightings in cash, a decision that is looking foolish because the

equity market is racing higher. Every time the corporate sector gives them back more cash, they are forced to put it into equities, driving the market higher again. And so on.

The next couple of months are likely to reinforce the trend. Robert Buckland, UK strategist at Salomon Smith Barney, estimates that the personal equity plan season will result in about £20bn being pushed into the market by the end of April.

Funnily enough, perhaps Gordon Brown constitutes the biggest threat to this rosy scenario. There is a chance he could have miscalculated in one of two directions. If his economic forecasts are too rosy, then public finances will start to deteriorate; that will drag down gilts and have a knock-on effect on equities.

On the other hand, if he has been too generous to consumers, then the economy will start motorising ahead and the Bank will be forced to raise interest rates. Gordon might yet find himself as unpopular as Oskar.

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Business and the City may not have liked all that the chancellor has done but his record has been a lot better than they probably feared

of outrage except for the transport industry, upset by yet another rise in diesel fuel duty.

In terms of the stock market, the main interest was in the potential effect on consumer spending. To misquote the Bible, the chancellor giveth and the chancellor taketh away. But in this case, the chancellor was a little bit more generous than the markets were expecting, even though the main hand-outs do not come through until 2001 (an election year, perhaps?).

The changes to child benefit, for what, from April 1, will be officially designated the cyclical services groups - retailers, leisure, and restaurants and pubs.

Due to concerns about the health of the UK economy, these sectors have been standing at discounts to market ratings and may have scope for recovery. Of course, merely being at a discount to the market does not mean that shares are cheap. This week's record high for the FTSE 100 index was accompanied by a record low for the dividend

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THE LONG VIEW BARRY RILEY

Gambling on growth

The chancellor is optimistic but there are no guarantees

As London's stock market climbed to new highs this week and the average price-earnings ratio of the FTSE 100's constituents rose to 25, can we thank Gordon Brown for his resolve, if over-detailed, Budget? Or must we thank Wall Street, compared to which London is in the bargain basement?

We may wonder, for instance, whether the availability of Japanese yen at just about zero interest cost is fuelling some of the strength in stock markets; yet we may worry that equity markets have ignored this year's back-up in bond yields. But Brown did not worry about the rest of the world, so neither will I.

A pervasive impression of his Budget was a self-centred arrogance, not least in the assumption that economic expansion will resume at an historically rapid pace once the UK has got over its self-generated temporary overheating problem. By 2000, according to the Budget Red Book, the UK will be healthily outpacing the rest of the G7 economies.

Why, though, is the UK burdened by some of the world's heaviest motor fuel taxes? We can scarcely beat global warming through our own self-denial when the US is busy guzzling gasoline at a quarter of the UK pump price. And was it sensible to use the Budget to create a charter for cigarette smugglers?

Financially, the Budget appeared prudent. But there is a gamble on growth. The Red Book confidently describes the benefits of faster growth and how it will offset the burden of demographic changes. There is an inconsistency here.

however. As the numbers of working age citizens decelerate, and eventually shrink, economic growth will slow, not speed up. The 3 per cent central growth forecast for 2001 could turn out to be ambitious; the UK economy has grown as fast as that in only two of the past 10 years.

Average annual GDP growth in the 1990s (incorporating this year's Treasury forecast) will be just 1.7 per cent, down from 2.4 per cent in the 1980s. A Red Book passage on alternative scenarios cannot envisage expansion below 2% per cent. True, the second

dependent for economic stimulus. If we believe the UK Treasury, however, the stock market should start to reflect the economic improvement. This might not indicate a large general advance from today's high valuation level but, rather, a structural shift: the present extreme premium on growth might fade as distressed sectors begin to recover.

What, though, are we to make of the apparent sharpening of competition policy? The attempt to reform "rip-off Britain" creates good headlines - but one man's overpricing is another's fat (no, let's say

oligopoly). The rise and rise of the multinationals on the stock markets in the past two or three years has been fuelled by the idea that they can cut costs through mega-mergers. In truly competitive conditions, though, such savings are likely to be competed away rather than becoming available to fatten margins.

One of the first targets specified by the government this week was BAA, an airport monopoly operator deliberately floated by the previous government with a structure that gave it a stranglehold over south-east England. If prices and profits are excessively high in the UK, the government must consider the extent to which it is itself responsible: not just through inventing monopolies, but through high fuel taxes and road-building cutbacks that raise distribution costs, development curbs that create local supermarket monopolies, and financial regulations that protect the public from institutional collapses at the expense of general featherbedding.

Do the financial regulators favour slimline profits? You bet they don't, and the proposal that the Financial Services Authority should issue league tables of products by value for money files in the face of years of evidence that ignorant consumers are rarely guided by such information. But I hope I am wrong here.

Anyway, the equity bull market continues. The most important event of the week was certainly not the UK Budget but possibly the 9 per cent rise in the crude oil price. Don't watch Brown, keep an eye on Brent.

Why does the UK have some of the world's highest petrol taxes? And was it sensible to create a charter for cigarette smugglers?

half of the decade will have generated 2.5 per cent growth, but there is an established pattern of a once-a-decade recession.

Recessions are never forecast so they arrive as a total surprise, as if they had never happened before. The same applies to an overshoot of retail prices: the projection for underlying inflation stretches out to 2001 at a steady 2.5 per cent which, by an amazing chance, is precisely the Bank of England's target level.

The domestic risks are certainly not as high as 10 years ago when the housing and corporate sectors were severely over-extended; but it is less easy to be confident about the financial markets, especially in the United States, on which the whole world has become so

healthy) profit margins. Shareholders are the beneficiaries of inefficient competition (although possibly they are shareholders in Renault or Compaq rather than just in British companies).

Around 45 per cent of the value of the All-Share index (and 55 per cent of the Footsie) is now represented by just four sectors. Are these characterised by tough competition and global excellence? Not really: out there in the brutally competitive world of commodity manufactured products, ICI is willing and British Steel this week only narrowly escaped demolition from the Footsie. In contrast, the top sectors all feature licences (notably telecoms), regulation (banks), patents (pharmaceuticals) and (in



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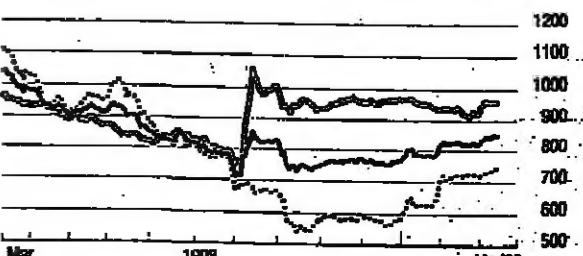
Among football stocks, Birmingham City was particularly strong this week, adding 3p or 6 per cent to 39p on the week, writes Joel Kibaco.

Although the first division team recently lost 1-0 away at Tranmere, it remains strongly placed for a promotion play-off spot.

It was a poor week for other football stocks, with Burnley, Leicester, Manchester United and Newcastle United all registering a decline.

In the general sports index, retailer HI-Tec Sports was the best performing stock, the shares rising 4.5p or 32 per cent on the week to close at 18.5p.

Released Jan 1 1998 = 1000



Source: Datastream/FT

FT WEEKEND

The guy next to me in the Manhattan movie theatre is crunching his popcorn and giggling. Leaning back in his seat, stuffing his face and guffawing.

Slapstick comedy doesn't usually do it for me, but this was funny. Imagine a cross between Rowan Atkinson and John Cleese sucking a bee sting out of the thigh of a strange and beautiful woman who happens to have just fallen out of a window on to a haystack and straight into his arms. That same hybrid, then, trots into a lime-green horse, then trots into a dining room full of stuck-up dignitaries at an engagement party and dismounts to kiss the bride-to-be under the table.

It mattered little at first that the film was set in late 1930s Italy, amid the blatant rise of fascism. It mattered little that there was a swastika painted on the side of a horse, or that a sign on a shop front read "No Dogs or Jews". I still couldn't help but join in with the giggling of my

THE LOOKING GLASS

To smile is to defile the century's greatest suffering

Suzanne Glass, a grandchild of Holocaust refugees, has second thoughts about a popular tragicomic film that is hoping for Oscar glory

popcorn-crunching neighbour.

So engrossed was I in this farcical fairy-tale of the Jewish waiter's seduction of his gentle princess, that I was laughing right up until the moment I started to cry and even beyond.

Roberto Benigni, who wrote, acted in and directed *Life is Beautiful*, knows very well that he is leading his audiences to tears even as he is making them laugh. Juxtaposed with the colour film of fantasy and courtship are the black-and-white reels of deportation and brutality. Juxtaposed with the waiter and the princess's magical love story, is the tale of their child Joshua. This is the tale of how, in an attempt to protect him, his father tells him the

concentration camp is a big game, that he shouldn't believe what he sees because everyone's pretending and that if he plays by the rules he will win a real army tank as a going-home present.

And we watch as Joshua learns those rules, as his father teaches him that you win points by never feeling hungry and by never aching with longing for your mother. When the film was over, the audience gave a standing ovation and I thought: "Yes, yes, Benigni is a genius. He's found a new way to portray this human tragedy. He's created a fable out of the factual and he's pulled it off with sensitivity."

Before the film was released in London I began to spread the

word. "This is pure brilliance. You have to go and see it."

And I would have gone on boosting box office figures, had my mother not come back from the kosher butcher armed with a newsletter.

On the front page under a headline, "Fury at Benigni", a Holocaust survivor was quoted as saying that the film was "nauseating and offensive", and that, "to make us appear as though we can laugh and joke about it is bordering on the obscene".

Benigni doesn't actually laugh and joke about the Holocaust at all. Far from it. He laughs at the protagonist's antics, he ridicules racism, and he smiles at the triumph of the human spirit. But

I, as the grandchild of Holocaust refugees, was troubled enough by this woman's comments to see *Life is Beautiful* a second time.

And this time there was a bent old woman next to me with her hand in a box of Maltesers. She didn't eat any of them. She just bawled into the box throughout the film and at one point whispered to me in a heavy foreign accent: "I was there. It was nothing like that. This is a dangerous thing to do. You people don't understand."

In the days that followed I thought of the Holocaust survivors I have known and wondered how they might have reacted to the film - for example, the old man I met, who had bitten the concentration camp

number off his arm and swallowed it, so that he might not be identified as a Jew when he escaped. Would the interweaving of fantasy and reality have offended him?

And our Dutch family friend, who watched the smoke rising in a camp as his wife and little boy "took a shower". How would he have reacted to a stylised version of the camps?

I hypothesised about these people's reactions and slowly I began to reach a new conclusion.

However deserving *Life is Beautiful* may be of the many Oscars for which it has been nominated, however pure in its intention to be the last big project of this millennium to keep the Holocaust in our minds,

we must surely understand that for survivors, interlacing humour and make-believe with the horrors of the Final Solution is just not on.

Because for most of them, the Holocaust is unbreakable, untreatable with anything but the harsh reality of documentary. For them, taken to its logical conclusion, *Life is Beautiful* is revisionism and they tremble to think how it will be when they are no longer here to say: "No, that is not how it was."

Of course, my observations beg the question of what to do when it comes to the artistic representation of Bosnia, of Rwanda, of Vietnam and of Stalinist Russia. It also raises the issue of the viability of life as art when it comes to human suffering.

And here the contradiction will remain. If genocide on celluloid is to be made palatable enough for those who were not there to confront it, it will always be inaccurate enough for those who were there to deny it.

METROPOLIS

Village casts off its past

Cal McCrystal considers a paradox - a pit community volubly opposed to mining

It is a mining village that lost its mine. Still fresh in the minds of the many jobless ex-miners is the war they waged to save their pit and their livelihoods. Today, with local unemployment of more than 5 per cent, the inhabitants of Dordon in north Warwickshire do not exude prosperity. At 4pm on a weekday, the local supermarket is empty.

Yet a fierce campaign is under way to resist a plan to resume coal extraction there. More than 3,000 anti-mine signatures have been delivered to the county council. Pubs are being leafleted, and small halls and social clubs resound with clamour. "Over our dead bodies!" cry the villagers of Dordon.

It is an extraordinary protest, given the hand-wringing that greeted the break-up of the National Coal Board and pit closures across the land under Britain's last Tory government. So why, in a village nourished since early in the 19th century by its coal seams, is there this anti-mining fury?

At first, a visitor observes nothing untoward. Dordon, on the A5 north-west of Atherstone, about 30 miles from the centre of Birmingham, is a nondescript sort of place one might encounter when taking a wrong turn off a roundabout.

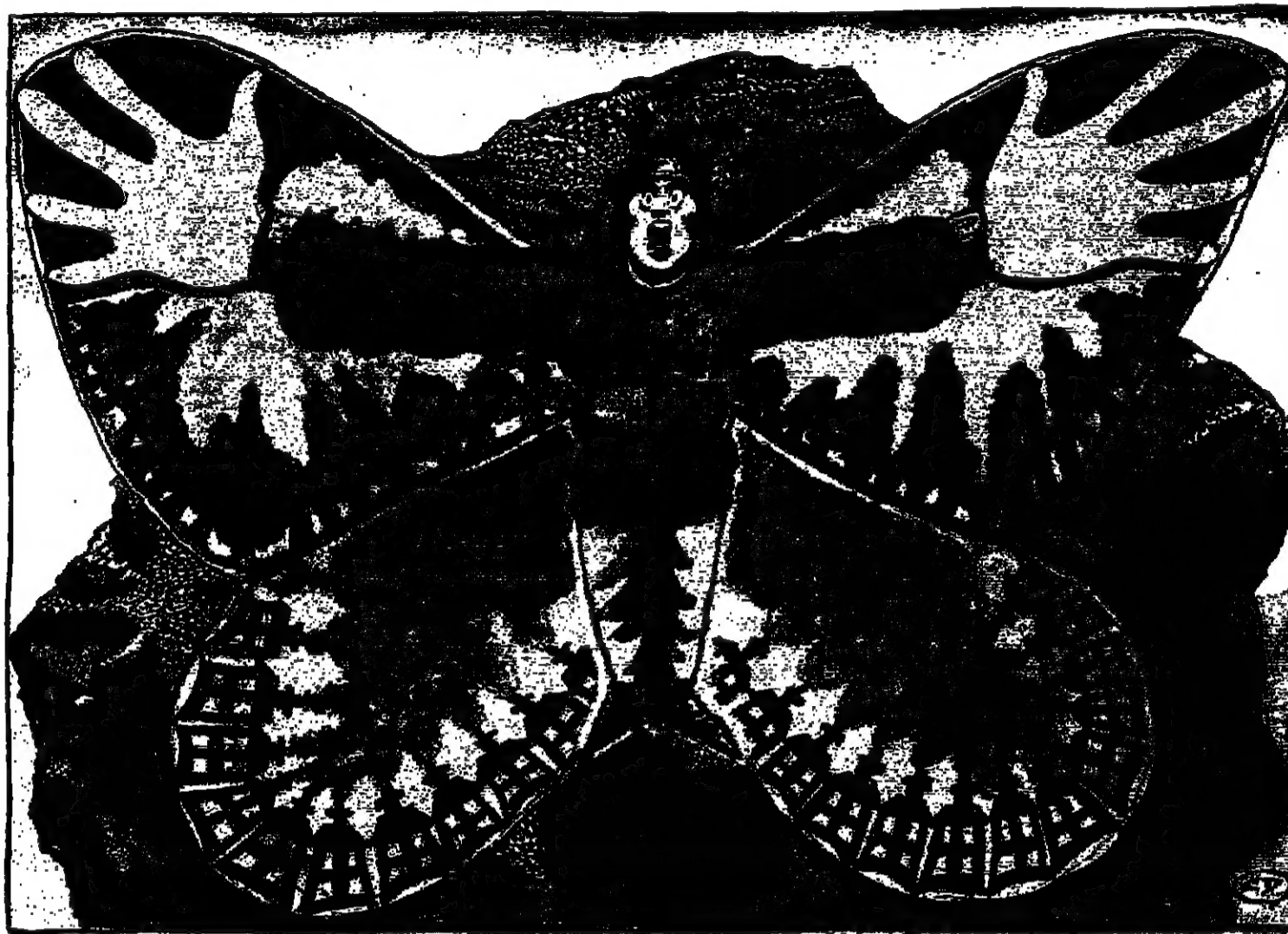
Its narrow streets of terraced Victorian cottages rise and fall with the lumpy ter-

rain. But it is a quiet, surprisingly fastidious place where neighbours are helpful to one another and watch behind curtains in the hope of identifying an early morning dog-walker whose animal fouls the pavements.

The source of the trouble lies at the village edge where a muddy track rises through a knobbly landscape of briar and birch, and buckthorn. The track, flattening out into an expanse of dense copse and barbed-wire fences, yields glimpses of dull-black nuggets, and you realise you must be walking on the remains of a worked-out surface coal seam.

I paused here with two Dordon residents, June Owen, a retired schoolteacher, and John Coxon, a retired miner. Ahead of us the land gradually fell again: in one direction into the Anker Valley; in another, towards a large water-hole, which once drained a small drift mine and is now called Fisherman's Pond. Later in the year, frogs will spawn here, and dragonflies, and great pond-snails will congregate along with men who once dug for coal and now fish for carp.

"A group of ex-miners like myself clubbed together to reclaim this little spot when the owner committed suicide," Coxon said. "A lot of us have disabilities - bad lungs and injuries. We really needed somewhere above ground that would give us



pleasure and fill in the day - and be healthy. So we created a nature reserve."

Owen said: "You should be here in summer to see the butterflies - especially the Dingy Skipper which is beige and brown, and the wall butterfly which is orange and quite rare. It's lovely here, even in winter, and you can't hear the traffic from the A5."

We crawled under some barbed wire and surveyed the side of the valley. Coxon spread his arms and shouted into a freezing wind: "The mining company has applied for permission to take 450,000 tons of coal from here, in an open-cast mine the size of 100 football pitches and 300ft deep. They will uproot beautiful trees and cover for wildlife. The noise will be horrendous, the coal-dust will be horrendous, and the traffic will be horrendous." He and others acknowledge a paradox: a

coal-mining village rejecting coal.

The object of villagers' anger is RJB Mining, a private company that bought all of British Coal's potential open-cast sites in 1985. The Orchard site at Dordon is one of them. The parish councils in Dordon and neighbouring villages have

11bn contract to supply PowerGen with up to 35m tonnes of coal over the next five years. It was also awarded an £800m contract to supply Eastern Electricity with 28m tonnes over a similar period. National Power has agreed to take 18m tonnes from the company up to March 2001.

'You should be here in summer to see the butterflies - especially the Dingy Skipper and the wall butterfly which is quite rare'

said No. The local borough council is also hostile. Within weeks, Warwickshire county council will make its decision. If the answer again is No, there will be a public inquiry.

RJB Mining, whose chief executive is Richard Budge, is the nation's biggest coal producer. It recently won a

But open-cast mining tends to generate more than electricity. Coal-hungry PowerGen, for example, has attracted the fury of German environmentalists because a mining company it part-owns wants to demolish Heuerdorf, a 700-year-old village near Leipzig, to establish an open-cast mine.

The villagers of Dordon are not environmental fanatics. They are loath to pronounce on problems outside the scope of their knowledge or powers of apprehension. But they are voluble about the open-cast threat and clearly have a grudge against Budge.

RJB Mining has promised to replace all the soil removed in order to extract the coal. It has suggested traffic-calming measures on the A5, and claims the project will help reduce coal imports. According to John Gough, RJB's director of planning, the proposal would "cause no demonstrable harm to interests of acknowledged importance" and there would be "significant long-term benefits from an 'imaginative restoration scheme'".

Last week RJB said: "The bottom line is that open-cast mining is not the omelette it is often made out to be. At Dor-

don, 57 new jobs will be created if plans to remove the coal and restore the derelict area are approved, all at no cost to the taxpayer."

"RJB Mining has proven its commitment to deep mining in Warwickshire, but as a company we need a balance - 80 per cent deep mine and 20 per cent open-cast - to serve the needs of our customers."

Ray Sweet, chairman of Warwickshire county council, on which he represents Dordon, can scarcely contain his anger. "Budge says he will need to mine for 31

months. But after that, he can apply for a landfill licence, and God knows what would be dumped in it to the detriment of children's health."

"He also says the operation will create 57 jobs, but what he doesn't say is that only 10 of them will be local - cleaners, security and part-time workers."

"This area was open-casted in the 1940s and 1950s, but there was an emergency then and we had been just through a war and needed as much coal as we could get. But there's no need for the coal today, as can be seen by the number of mines that were closed."

A miner for 36 of his 68 years, Sweet said: "We have suffered deeply, and we take a delight in the fact that the land has been recovering its former beauty." North Warwickshire has received European Union funding to speed up this process with the planting of trees.

"We have learned to live without mining. New businesses have come to the area. A light industry estate is to be created. What will these people think when their new premises are enveloped by 24-hour noise and dust and a gridlocked A5?"

Jim Avery, 64, a former coal board manager whose house on Dunn's Lane faces what may be one of the exits from the proposed mine, said that during the postwar open-cast operations, surrounding roads were "destroyed by rivers of mud and dust clogged the air. This place was a hellhole. We had all that havoc all over again."

Other villagers are equally enraged. "In 1970, when I moved here, I never imagined they would rape our beautiful countryside again," said Ken Careless. "The village has had its fair share of filth, dust, smoke and degradation."

Bob Allison, 71-year-old former miner, declared: "We've got to fight this."

ARCADIA

I went to the well for water, and I left in peace

World Bank official Nick Burnett explains how a week spent in a west African village strengthened his commitment to combat rampant poverty

I have just returned to my office at World Bank headquarters in Washington after spending a week organised by ActionAid, the international development charity, in one of the poorest villages in the world, Demfaye Njagba in The Gambia, west Africa.

On my last evening, one of the older boys in the primary school came to say goodbye. I told him I was sad to be leaving the 400 villagers, especially the children. "Don't be sad," he said. "You came in peace. You leave in peace. We will be in your thoughts." And how they are in my thoughts.

I manage the bank's programmes in education, health, nutrition, population and social protection in 16 west and central African countries. My time in Demfaye, in the Central River district north of the River Gambia, was part of the executive development programme introduced by James Wolfensohn, the bank president, for managers.

I deliberately avoided selecting a village through one of the bank-financed projects. So I was surprised, on arrival, to discover that Demfaye primary school had been built in 1984 using World Bank financing. I visited the school, as I did every other institution and location in the village. I went inside every single hut, with their mud

walls and floors, and roofs of thatch or corrugated iron.

I travelled by horse-drawn cart the 11km to the nearest health centre in Karnataba and also the weekly market. I went on a wild pig hunt in the bush and was entertained one evening by travelling musicians. I drank a lot of sweet green tea.

As far as possible, I was a villager for a week. I slept on a sack mattress stuffed with grass and used a sack pillow filled with earth. I ate the local diet of cereals, groundnuts and occasional meat, chicken or fish, without vegetables or fruits. I went to the well for water to wash myself. I used a flashlight and candles at night. A local teacher interpreted for me as I do not speak Wolof, the main language at Demfaye.

The villagers were extremely poor, existing on perhaps half the national average of \$1 a person a day. They grow maize, sorghum and millet for food and groundnuts for cash income. Almost every adult is illiterate; by contrast, almost every child is in school.

I felt and experienced things of which I had book knowledge alone, such as the difficulty of getting basic health care, the great thirst for education among young and old, and the effectiveness of programmes such as ActionAid's.

I also learned things I did not know before. I met almost every person, including the most severely disadvantaged, many of whom never come out of their compounds: the physically disabled; the mentally ill; the widow whose husband had just died, leaving her destitute with six children; the

As far as possible, I was a villager for a week. I slept on a sack mattress stuffed with grass and used a sack pillow filled with earth

family whose capital was reduced by a third when a hyena came into the village one night during my stay and took off one of their three rams.

Vulnerability among villagers was another eye-opener - to rains; to the world price of groundnuts; to the sudden death of a key family member; to the debilitation of malaria and intestinal worms on adults' work and children's learning.

Demfaye villagers consistently listed five prime problems: lack of water (above all); insufficient

access to health care; inadequate food during the rainy season; environmental decline with agricultural yields falling and trees being cut down; and poor communications - bad roads and no phones.

I was also struck by two problems the villagers did not mention. First, lack of information. Not a single person knew the world price of groundnuts, the key economic variable for them. Adults and children were learning to read, but there was nothing to read in the village beyond school books, which were in short supply.

The second problem has to do with the lack of role models. Schoolchildren wanted to be president, ministers, soldiers, police or teachers (boys), and nurses or teachers (girls). Not a single child wanted to use his or her education to become a private-sector farmer or a business person. Yet The Gambia's economic future, as elsewhere, hinges on the development of a vibrant private sector.

What am I going to do with the knowledge and experience in only a week? First, while I am reasonably encouraged that the types of health and education project we are supporting are very appropriate, I am now very concerned about social protection for the disadvantaged. Neither donors nor non-governmental organisa-

tions are doing much for them.

I am not sure what should be done, by the bank and others, but it needs attention. Second, I intend to see how information and literacy materials and access to a wider range of role models might be made available to those not yet connected to the global information economy.

Mainly, however, I am going to have the villagers of Demfaye in my thoughts every day. For every decision, I will ask myself what will be its impact on the poor in The Gambia or the other countries for which I have some responsibility. Using techniques learned from the business schools, I am already trying to reduce the bureaucratic impediments to my staff's getting on with their work; after the village visit I am even more impatient with the bureaucracy of the bank, though I recognise that some of it is inevitable.

The World Bank recently adopted a mission statement: "To fight poverty with passion and professionalism for lasting results."

I hope the people of Demfaye will make me a better professional; I know they have made me more passionate in the fight against global poverty. I went to Demfaye in peace, I left in peace, and its people will surely be forever in my thoughts.

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